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ECONOMIC AND INDUSTRIAL AFFAIRS

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25 March 1985

EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

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INTERNATIONAL AFFAIRS

HUNGARIAN FOREIGN TRADE WITH EAST, SOUTHEAST ASIAN COUNTRIES

Budapest KULGAZDASAG in Hungarian No 1, Jan 85 pp 28-41

[Article by Peter Lanyi: "Hungarian Foreign Trade and the Developing Countries of East and Southeast Asia"]

[Text] Commercial contacts between the socialist countries and the south-southeast Asian region, showing the most dynamic economic growth in the world, lag far behind the possibilities. Foreign trade plays a role in the life of economies belonging to the ASEAN and in the life of Hongkong, South Korea and Taiwan similar to the large role it plays in ours. Expanding economic contacts is a mutual interest, but a number of initiatives are needed on the part of Hungarian enterprises to improve the trade balance which is lastingly and significantly passive. This will require consistent and organized market work and a well thought-out marketing strategy because isolated individual actions cannot lead to success. We are urged to act as soon as possible--the author emphasizes--because others also see in this region possibilities for extensive market expansion and it will be increasingly difficult to penetrate behind the ASEAN tariff walls now being built. It appears useful to use our import in order to increase export, coordination among enterprises must be improved to accomplish this. In the case of larger deals also we can count on a demand for mutuality. The joint Malaysian office established under the leadership of Intercooperation--more than ten Hungarian enterprises are interested in this--appears to be a forward-looking initiative.

Global Economic Significance of the Region

Many are calling the last three decades of the 20th century the decades of the Pacific Ocean. The basis for this is primarily the economic performance of the countries along the Asian shore of the ocean. The global economic recession which took place in the 1970's changed the earlier picture of world economy and trade. Looking back it can be established that beginning

in 1974 one could find unambiguous economic development only in this part of the capitalist world, in addition to which the pace of this proved to be increasing. Naturally the world's economic recession had an effect on this region as well, but this manifested itself only in a slight reduction in the rate of growth.

The global economic restructuring was caused by the simultaneous or sequential appearance of a number of factors. We are well acquainted with these factors; many have analyzed them. The same obstacle made protection difficult in most countries--an economic structure corresponding to the earlier value system. Comparing the various strategies to counter the crisis, the conclusion is now unambiguous that those developing countries proved successful which followed an export-oriented economic policy which adapted continuously,^{1,2} which invested the assumed credits in projects which resulted in competitive export branches and which reduced import dependence, which aided a significant improvement in the infrastructure, and which increased the exploitation of comparative advantages. We might call this economic policy a policy of "continual structural adjustment", implementing it requires in every significant sphere of economic life measures which take into consideration the unique aspects of the given country and the global economic changes. The countries of the region followed this trend, with noteworthy success.

The countries of the east-southeast Asian area (the ASEAN member states, Hongkong, Macao, Taiwan and South Korea) can lay claim to 2.5³ percent of the dryland area of the world and 8.3 percent of its population.³ Their imports are increasing constantly, they came to about 260 billion dollars in 1982,⁴ and they regularly meet their payments obligations.⁵ It is true that in the 1970's the capital necessary for structural changes could be obtained relatively easily from the international money market, but the World Bank also is happy to lend to these economies. The majority of the investments were realized in industry, in infrastructural developments, in raw material production and in projects needed to produce agricultural-food self-supply.

By the second half of the 1970's the infrastructural level had reached a point at which foreign investors were happy to join in local developments. The quality of services and the intellectual infrastructure are satisfactory in general and are sometimes outstanding. In all of the countries under discussion the ratio of literate persons exceeds 70 percent of the population and the countries spend at least 5 percent of their national income on the development of education.⁶ Although ensuring the skilled workers needed for the developments started still causes difficulty in the most modern branches, they indisputably have an advantage compared to most of the countries in the developing world.

The region is one of the most important raw material sources of the capitalist world. Considering the 64 most important commodities stressed in UN statistics, the countries of the region can be found among the 10 largest exporters for 32 of the 40 raw material product types.⁷ In eight commodity types they provide 11-73 percent of the world export. Of the 24 semi-finished

and finished products we find at least three economies of the region among the ten largest shippers for 20 of them, and again in regard to eight products the concentration is higher than the average (the share in world export is between 12 and 28 percent). Including Taiwan and considering that the rate of growth in the region since 1978 has significantly exceeded the world average, we can presume with justice that the importance of these countries in world trade has further increased.

From the viewpoint of economic stability, one can draw two strategically very important conclusions from the above data. One is that--deviating from the majority of the developing countries--the raw material shipping countries of the region have a diversified export structure and so they are not dependent (or are less dependent) on the development of world market demand for one or two raw materials. The other conclusion is that they have a secure base for economic development, for the further development of the processing industry.

The situation of those which do not produce raw materials shows a noteworthy picture. Hongkong, Singapore and Macao can obtain the necessary raw materials from their neighbors under favorable conditions, and they reexport the majority of them unchanged or after processing. Because of their unique situation the development of the raw material market situation has not affected them very much. The industry of Taiwan and South Korea is not burdened with a shortage of raw materials to an intolerable degree, they have been able to counterbalance the shortage with structural changes, subsidies and production of artificial raw materials (synthetic rubber, synthetic fibers, etc.).

It is an important factor both economically and politically that with the exception of Hongkong every country can be called self-supplying in foodstuff. For the majority of them the foodstuffs import is smaller than 10 percent of all import. In the case of Taiwan its foodstuff import came to 17.3 percent in 1982, but its export was 7.8 percent, indeed, the volume of its rice export forced the U.S. to take counter-measures.

In the second half of the 1970's the countries poor in raw materials converted their product structure to an increasing degree to branches involving a higher level of processing and less demanding of raw materials, transferring the inappropriate branches to neighboring countries (an example of this is the partial transfer of the Hongkong textile industry to Macao and then to the Chinese People's Republic).

With the exception of two countries (Malaysia and Indonesia) the increase in the price of fuels did cause difficulties, and even today the oil bill is a significant burden for the Philippines, Thailand, South Korea and Taiwan. But all this did not cause anywhere near as serious problems as in other developing countries without oil.

The importance of the economies of the region in world trade increased significantly between 1970 and 1983.⁸ Singapore, Hongkong, South Korea and

Taiwan (through development of industrial production and reexport) and Indonesia (oil deliveries) increased their role most. The chief trading partners are the developed capitalist countries--Japan and the United States, followed with volumes smaller by an order of magnitude by Great Britain, the FRG and Holland.^{8,9} Most recently France is trying vigorously to increase its trade. The ratio of internal trade among the countries of the region is not yet significant.⁹

Between 1970 and 1980 the annual rate of economic growth of the countries being studied varied between 7 and 14 percent, it decreased to 3-6 percent between 1980 and 1983, and values between 5 and 9 percent are expected since 1983.¹⁰ The inflation rate was highest in 1981, since then it has gradually decreased. These indexes become truly significant when we compare them to the world average or to the data for other countries. Between 1973 and 1980 an average growth of 4-8 percent was characteristic of the countries which achieved "better" results, but at the beginning of the 1980's the majority of the developed capitalist countries were struggling against a decline.

What was the reason that the global economic decline affected these countries to only such a small degree? We can receive answers to this stirring question by studying the national economies of the various countries, and these answers differ significantly in their details despite the similarity of basic trends analyzed above.

Let us first examine the external factors which affected the countries more or less uniformly:

- 1. The growth of world trade slowed and we could record an absolute decline in 1982.
- 2. The import demand for customary, introduced products (tin, rubber, etc.) declined in the case of the most important trading partners. Import limits were put into effect for other products (textile goods, bearings, unrefined steel, etc.).
- 3. Investment sources became smaller.
- 4. Possibilities for manpower export became smaller as a result of the spread of unemployment and the decline in investments.

The countries of the region reacted to these phenomena by continuing their export-oriented economic policies even more intensively, they further expanded their export structure. They strove to reduce the deficit of the state budget, but the emphasis was not on reducing expenditures but rather on increasing income sources. They increasingly tried to bring domestic private capital into industrialization. In the interest of accelerating the modernization of the industrial structure and facilitating the influx of foreign capital they established free trade zones--in this area they anticipated the other countries of the world by one step. A number of measures were taken in the ASEAN countries to increase trade among themselves and to increase production cooperation.

Capital flowed into the countries of the region primarily from Japan and the U.S.¹¹ Japan concentrated primarily on Indonesia (37.2 percent of all foreign investments), Thailand (34.7 percent) and South Korea (43 percent), but also played a significant role in the other economies being studied. The United States is the most significant exporter in the Philippines (33.6 percent), Singapore (33 percent), Hongkong (42.3 percent) and Taiwan (43.6 percent). The investments of other countries are smaller by an order of magnitude; one might mention only Great Britain in the case of Malaysia (19.3 percent) and the Chinese People's Republic in regard to Hongkong.

The influx of foreign capital was a significant factor in economic growth. The ideas pertaining to the use of the investments were essentially identical in regard to export orientation, but the methods used in execution showed a number of differences.

--Most of the economies followed a liberal policy in authorizing investments, in this area Singapore and Hongkong can be regarded as the least bureaucratic. Beginning in 1981 Indonesia and the Philippines, on the other hand, tightened their controls. The goal in each country was to increase the average efficiency of capital investment, but Indonesia wanted to divert the capital in the interest of diversification of export and improving the infrastructure while the Philippines intended to use the limited resources existing in a concentrated way.

--Indonesia, Malaysia and the Philippines have taken a stand for recognition and use of state counter-trade, but the motives and intensity of use differ. Indonesia is using forceful, coercive tools; Malaysia ties individual exchange deals to definite state acquisitions; and for the time being the Philippines, perhaps to rely on this solution most of all, has hardly gotten beyond a decision in principle. South Korea and Taiwan have not taken an official position in this question, but in practice they have customarily satisfied counter-trade claims.

--Taiwan, Hongkong and South Korea are "enriching" the structure of the textile industry, transferring mass production out. The receiving countries are Macao, the Chinese People's Republic, Thailand and the Philippines.

--Singapore has prescribed a phasing out of the petroleum processing industry while Indonesia and Malaysia have prescribed its development.

Many other examples could be given, but the chief cause of the differences is obviously the different levels of development and economic conditions. Although the rate of development of all the countries is high, the level differences are expected to remain for the next 10 years. Therefore the possibilities for an increasing division of labor within the region are beginning to appear, which will involve an increase in their mutual trade. So in these cases one can expect the appearance of the characteristic "proximity effect"--as a result of their structural adaptation policies the technically more advanced countries will transfer the production branches judged to be backward for them to those in the area which are following them--and for the most part their interests will dictate the take-over.

So in the next 10 years their trade with each other will probably increase, but it seems improbable that it could approach the external trade since both the demanding products made in the more developed countries and the raw materials of the less developed can continue to count on customers primarily in other regions in the near future. In addition to the political peculiarities these two opposed effects will determine the regional distribution of foreign trade. The direction and distribution of capital movement also appears to ensure the lasting supremacy of foreign trade outside the region.

The development of the political situation is an important factor from the viewpoint of the development of trade between the region and the socialist countries. The opposition between the Indochinese countries and a few ASEAN member countries is a confusing phenomenon, but it appears that a slow improvement is taking place in contacts between the European socialist countries and the countries of the region. There is a need for a further improvement in political contacts, if possible at a swifter pace than at present, in the interest of raising trade between them to a level corresponding to the weight the two economic regions have in the world economy.

Grouping the Countries of the Region

In my opinion the grouping presently generally accepted--which calls almost every country of the region a "newly industrializing" country--is not sufficiently precise and finer distinctions are needed. Taking into consideration the essential differences and similarities the following grouping is "an approximation of reality" and also indicates the economic situation and peculiarities of the given country.

Economic Trade Centers

Hongkong and Singapore should be regarded not only as regional but rather as world economic centers on the basis of their role in the areas of trade, financial affairs, shipping and services. Starting from this base industrial production has developed also with the aid of commercial capital, and today this increasingly supplements and supports the former role. I will discuss Macao here also because of its role in transit trade, although from many viewpoints it might be regarded practically as a "complement" to Hongkong.

Hongkong

The basis for the British-Chinese agreement signed at the end of September 1984 was an identity of interests, according to which the interested parties wanted to maintain the advantages offered by the present state of affairs. Following the creation of the Chinese People's Republic, after a pause of a few years, Hongkong regained to an increasing degree its role as a link between China and the capitalist world economy. Reexport trade made up 30-40 percent of all Hongkong's export between 1977 and 1982. According to some estimates the consumer price level in Hongkong would have been at least 15 percent higher between 1961 and 1973 without the cheap raw materials, energy and foodstuffs coming from China.¹² The economic contacts of the Chinese

People's Republic and Hongkong have strengthened more and more in the past 5 years, and their interests are obviously tied together. The residents of Hongkong have not wanted and do not want to leave unexploited the possibilities residing in the trade.

In addition to the possibilities deriving from being an economic trade center it is among the most important exporters in the production of textile goods and the manufacture of a number of modern industrial articles (electronic parts, household and amusement industry articles, jewelry, toys, watches, etc.).

Lacking contacts at the state level is no obstacle to Hungarian business deals with Hongkong, although certainly it would be useful to simplify the complicated and drawn out system of issuing visas. In view of its preeminent role in reexport and intermediary trade we might consider certain market segments of the Chinese People's Republic, Taiwan, South Korea and Japan via Hongkong, by means of well selected partners and a local office or joint undertakings. Hongkong itself is a demanding market so that the sale of foodstuffs and industrial articles exported to developed capitalist countries seems a possibility also, while different viewpoints would apply to products being sent forward to the Chinese People's Republic. A significant proportion of Hongkong's products are assigned quotas in a number of countries, so it would be useful for Hungarian enterprises to call quick attention of Hongkong producers and merchants to Hungarian assembly or to joint manufacture, this could mean for them not only access to the CEMA market but also a "bridgehead" in Europe. We might find cooperation partners in Hongkong more easily than in western Europe for some products enjoying developmental priority in Hungary. But our enterprises are still little acquainted with Hongkong and the situation is the same the other way around.

Singapore

This is an area better known to Hungarian foreign trade than Hongkong, we use primarily its intermediary role in our import. It has special links with Malaysia (for a time it constituted a part of it) and from the viewpoint of trade and service the two countries can be supplied from one center at the enterprise level. The political and economic situation of Singapore can be regarded as outstandingly stable even in this region. Economic growth between 1970 and 1980 averaged 14 percent per year, and although it fell to 6 percent in 1982 we can observe a noteworthy quickening again today. It follows an export-oriented economic policy without protectionism. A large part of the state investments are directed at a further development of the infrastructure and provide continual business opportunities for the construction industry. Singapore is the third largest oil processing center in the world, but they are deemphasizing the branch. They are trying to force out labor intensive and material intensive branches by constantly raising wages and with other central measures. In 1981 eleven percent of the workers were foreigners and their ratio reached 20 percent among those guiding production. The tax policy offers great concessions to productive investment of foreign capital: two thirds of the finished product export and half of the

added value come from foreign enterprises operating in the country. In 1968, as a central measure, they established the enterprise INTRACO Limited, the task of which, among other things, is coordination of third market cooperation and the conduct of central trade with the socialist countries.¹³

In 1979 the government designated as stressed development areas those industrial branches which are expected to remain modern in the 1990's--they are supporting the production of electronic parts, precision instruments, computer subassemblies, aircraft and automobile parts, communications and energy distribution equipment, medicines and fine chemical products. In regard to Hungarian enterprises we might mention possibilities similar in many respects to Hongkong, with this difference, that from here one might consider trade directed at the ASEAN member states and the situation is much easier in regard to visas. Since the intellectual capacity of Singapore lags behind its production capacity the sale of designing work and software seems possible also. Our trade representation which has now opened will probably strengthen the contacts.

Macao

It is usually dealt with together with Hongkong, but taking into consideration the good bit smaller volume and the narrower commodity scale. Its role will probably increase in value with the progress in building up Chinese free trade zones and it may become more easily approachable for us politically as well.

Newly Industrialized Countries

I am listing only Taiwan and South Korea in this group from this region. On the basis of their level of development many include Hongkong and Singapore here also, but in my opinion there are a good many more differences than similarities. At present Taiwan and South Korea are two of the "most distant" states in the region for us from both the political and commercial viewpoints.

Taiwan

This is a country poor in raw materials with a high population density, its chief trading partners are the United States, Japan and South Korea. It conducts a significant part of its export through intermediaries--it trades with China and the Soviet Union only in this way. Its import from Japan significantly exceeds its export in that direction, so it protects itself with import quotas (in regard to electronic and amusement industry products and household devices). Taiwan conducts intensive industrial development and is turning increased attention to adopting high level technical products, manufacturing computers and introducing modern technologies (nuclear power, enriching the structure of the chemical and textile industries). In the case of this economy also our lack of state level contacts is not an obstacle to trade and potentially it seems possible to export modern foodstuffs industry products, selected aluminum industry products and special machines. Cheap textile industry and electronic articles and synthetic fibers might play a determining role in import. It would surely be possible to establish reexport links also, possibly combined with assembly and supplementary activity.

South Korea

The political distance makes the development of commercial contacts difficult, but in the case of some private enterprises an inclination to make occasional business deals is not impossible.

Industrializing Countries

The countries of the east-southeast Asian region listed here are also trying to realize an economic policy of intensive industrialization, but their immediate goals are to try to solve primarily self-supply and replacement of import. Compared to the group of newly industrialized countries we can find here somewhat greater regional developmental disproportions, lower efficiency and a less developed infrastructure. A fundamental goal of the industrialization is to absorb the manpower coming out of the modernizing agriculture and the realization of job creating programs--as a result they do not need the most modern technologies but rather a base for cheap manpower.

Indonesia

This is one of the largest markets in the region, it offers a number of raw materials and finished products and is capable of receiving a large volume of export. It has put its economy "in order" by virtue of receipts deriving from the export of petroleum and natural gas and in the course of the past 15 years has started a spectacular developmental program. Although development came to a halt recently and emergency measures were introduced (they rescheduled a number of gigantic investments and established a counter-trade requirement for import deals above 600,000 dollars), the banks, shippers and foreign investors alike are confident. We have the largest foreign trade with Indonesia and the distribution of it could be instructive for trade to be developed with other countries of the region too. On the basis of experience thus far results can be achieved only with very hard and diligent market work, which requires a lasting presence on the market. But participation in so-called "local" tenders becomes possible by virtue of representatives, a joint enterprise or office on the spot. The value of these is at most 300,000-400,000 dollars, they have no counter-trade obligation and can be obtained relatively more easily. The rural investment programs are similarly worthy of attention.

Thailand

The country has a diversified export structure, world market demand has increased many of its items and the price level has risen. But structural adjustment will require additional large volume investments, primarily in the development of natural gas extraction, tin mining and processing, the energy sector (lignite burning thermal power plants) and transportation. They regularly buy medicines, chemical intermediaries and lubricants from Hungary while tin, rice, tobacco, rubber, tropical fruit preserves and textile goods could be considerable in our import. The industrial delegation which visited Bangkok recently discovered a number of possibilities and a trade office could significantly aid their exploitation.

Malaysia

The country has an open economy and a large and ever increasing proportion of the GNP is realized in foreign trade. Petroleum and a number of raw materials provide a base suitable for developmental investments. In contrast to Thailand we might achieve success here primarily in cooperation with private enterprises, joining in their investments. Intercooperation is already registered in Kuala Lumpur and an enterprise representative office has been established with the cooperation of a number of Hungarian enterprises, which could aid our export possibilities as well. In the judgment of investors the country has a stable economy and the government will strongly encourage private undertakings in the future too.

Philippine Islands

The political crisis which has developed is having an extraordinarily serious economic effect. Still, it is not proper to ignore a country which can be regarded as a potentially significant market, and we might consider it primarily in regard to diversifying our import of a number of items, for example in the case of semiconductors, clothing articles and spices. It could represent an obstacle to our industrial article export that the electric grid has a voltage of 240 V and a frequency of 60 Hz instead of what is customary in Europe. Traditionally our foreign trade is smallest with this ASEAN country.

On the basis of what has been said it is important to take into consideration, at both the national and enterprise level, the possibility of linking our import and export interests in order to develop a comprehensive conception. Selecting a starting point is strategically important, Singapore, Jakarta and Hongkong appear as central points of the region. In some cases Kuala Lumpur or even Jakarta might be a suitable base instead of Singapore, but Thailand and the Philippines can be "worked" only on the spot. Because of the distance and the costs and because of the intertwining of export-import interests, it would be useful for a number of enterprises to join in establishing joint offices or in establishing mixed enterprises with local firms.

Region's Significance From the Perspective of the Hungarian Foreign Trade

Economic contacts between the countries of the region and the European socialist countries have no serious traditions. The difference in political opinions represents less and less of an obstacle, although contacts are far from the possible and useful level. Several nodes of common interest have been recognized in both regions, such as the complementary production and commodity structure in a number of important areas, possibilities for additional export and import diversification and the fact that trade could be increased mutually without running into protectionist restrictions.

Studying data on trade between the two regions a UN research group (Economic Bulletin for Asia and the Pacific, December 1981) recorded a number of interesting observations in 1981 which are characteristic of Hungarian contacts too and it is useful to take them into consideration:

--In the case of both regions the order of magnitude of the trade is virtually negligible in regard to total volume. The socialist countries have a

2.5 percent share in the total export of the east-southeast Asian countries and a 2.3 percent share in their import. Total trade is even smaller the other way around, 1.2 percent.

--As a whole the size of the trade is increasing constantly and evenly, but we can see great annual variations when this is broken down by country. The situation is similar in the development of the composition of the commodity structure. This fact suggests that there is not close contact between the partners and the making of individual deals significantly influences the size and composition of trade.

--The intention of the socialist countries to increase and diversify their export of finished products to the region has not succeeded; the ratio of finished products fell from 74 percent to 57 percent between 1970 and 1980. In contrast to this the ratio of finished products coming from the region rose from zero in 1955 to 31 percent by 1975.

Mutual interest between Hungary and the countries of the region looks back on a past of only a few years (with the exception of Indonesia). A trade agreement with the five founding member states of the ASEAN on the basis of mutual granting of most favored nation status is in effect. We did not sign an interstate agreement with Hongkong--since it is a British crown colony. The situation is similar with Macao, but there are trade contacts with both at the enterprise level. The agreements signed with these economies and the practice which has developed offer a suitable framework for expanding trade. We can already speak of talks with Taiwan, but official contacts have not been established with South Korea, although there are enterprise initiatives. A Hungarian trade office has operated in Indonesia for years and its activity extends to the Philippine Islands as well. A number of enterprises maintain offices in Jakarta and they also carry out regional tasks. A trade office opened this year in Thailand, but an office of MEDIMPEX has been operating in Bangkok for several years. Only Indonesia maintains on the spot commercial contacts with Hungary, through the embassy. Hongkong is represented from Vienna, the Philippine Islands from Bucharest and Singapore from Moscow.

Table 1. Commodity Structure of Hungarian Foreign Trade With Southeast Asian Countries (broken down by percent)

| | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 |
|-----------------------|------|------|------|------|------|------|
| Direct export: | | | | | | |
| Energy, fuels | -- | -- | -- | -- | -- | -- |
| Materials | 61 | 59 | 78 | 77 | 79 | 76 |
| Machines, equipment | 17 | 6 | 3 | 8 | 5 | 11 |
| Consumer articles | 17 | 25 | 15 | 13 | 14 | 13 |
| Agricultural products | 5 | 10 | 4 | 2 | 2 | -- |
| Direct import: | | | | | | |
| Energy, fuels | -- | -- | -- | -- | -- | -- |
| Materials | 59 | 63 | 65 | 57 | 40 | 38 |
| Machines, equipment | 2 | 2 | -- | -- | 1 | -- |
| Consumer articles | 38 | 31 | 27 | 35 | 45 | 60 |
| Agricultural products | 1 | 4 | 8 | 3 | 5 | 5 |

Source: Foreign Trade Statistical Yearbook, compiled on basis of 1982 data.

Note: The data do not include the Indochinese countries; up to 1981 they do include Thailand.

Table 2. Distribution of Hungarian Foreign Trade With the Developing Countries of East-Southeast Asia (in millions of forints)

| Countries | Export | | Import | |
|--------------------|--------|-------|---------|---------|
| | 1981 | 1982 | 1981 | 1982 |
| Hongkong | 283.0 | 74.8 | 293.5 | 297.4 |
| Singapore | 96.8 | 82.3 | 291.9 | 215.0 |
| Indonesia | 127.5 | 117.4 | 861.7 | 373.4 |
| Malaysia | 27.9 | 9.2 | 654.3 | 520.5 |
| Thailand | 135.6 | 143.7 | 155.0 | 256.4 |
| Philippine Islands | 44.9 | 40.2 | 72.4 | 137.9 |
| Total: | 715.7 | 467.6 | 2,328.8 | 1,800.6 |

Source: Foreign Trade Statistical Yearbook, 1982

As can be seen from what has been said, the Hungarian development efforts of recent years have been significant, but building up organized contacts and a commercial infrastructure are still tasks for the future. If we want to increase the role of the region in our foreign trade there will be a need for further institutional and enterprise level initiatives. In the contrary case our backwardness will increase.

Table 2 contains the 1981 and 1982 trade of Hungary with the countries of the region. I do not want to repeat the statements pertaining to the socialist countries, but I must add that our import is lastingly several times (three to five times) the value of export. In addition to the data shown there is trade conducted through intermediaries in a volume difficult to follow statistically; a part of our import comes into the country through western European firms (primarily Austrian and West German). Export of an undertaking character has taken place on only one occasion. Our more important export articles are medicines, artificial fertilizer, synthetic fibers, chemical industry products, incandescent lamps and vacuum technology articles. The 19 ITJ number [Industrial Products Register number] figured in export in 1982; of these, deals of a size worthy of mention took place only in the 57 ITJ number group; at that time Singapore was our fourth largest purchaser, we shipped synthetic material products and chemical fibers worth about 1.4 million dollars.

A greater weight or concentration of the countries of the region can be observed for a variety of products in import. Their role in our import can be expected to increase further. In 1982 we purchased products in the 23 ITJ group from the region. The concentration of the more important ones can be seen in Table 3.

Table 3. Concentration of the More Important Import Items Coming From the Region Projected for Total Import

| ITJ number | Designation | Ranking according to size of import | Total (in millions of dollars) | Concentration (in percent of total import) |
|--------------------------------------|-------------|--|---|---|
| 72. Thread | | 1. Singapore | 3.2 | 50 |
| 73. Textiles, knitted material | | 1. Thailand | 3.5 | 20 |
| 76. Underwear products | | 3. Malaysia | 1.4 | 11 |
| 777. Outer wear products | | 1. Hongkong | 3.8 | 24 |
| | | 2. Malaysia | 2.5 | 16 |
| | | 3. Philippines | 1.3 | 8 |
| 445. Receiving and playing equipment | | 2. Thailand | 0.4 | 25 |
| | | 3. Singapore | 0.3 | 23 |
| 464. Cameras, optical devices | | 2. Malaysia | 0.3 | 28 |
| 561. Rubber industry base materials | | 1. Malaysia | 6.8 | 91 |
| | | 2. Singapore | 0.4 | 5 |
| | | 3. Indonesia | 0.3 | 4 |
| 695. Sport, musical, toys | | 2. Hongkong | 0.6 | 44 |
| 912. Industrial vegetables | | 2. Malaysia | 14.8 | 18 |
| | | 4. Indonesia | 8.1 | 10 |

Source: Foreign Trade Statistical Yearbook, compiled on basis of 1982

In neither 1982 nor 1983 did a country from the region figure among our 20 most important trading partners; indeed, these economies cannot even be included among the 10 most important developing countries. It must be mentioned that there were no deals signed in the area of intellectual products and services in 1981-1982. This picture is not in harmony with the economic possibilities or the foreign trade openness of the Hungarian economy and the countries of the region. The political situation does not justify such a low level of trade either.

According to the economic indicators the share of the developing countries and of the socialist countries will increase in world foreign trade. The largest increase is expected in the region under discussion. The center of gravity of production in a number of industrial branches will shift to the developing countries, primarily in regard to production of semifinished products representing the first phases in the processing of raw materials and in branches requiring much material and live work. A number of factors make the region especially important to Hungary:

1. Every country of the region exports raw materials or finished products which we regularly import from the dollar zone. In a number of cases these east-southeast Asian economies are important or even determining shippers to the world market. Frequently their products reach us through intermediaries, and we will not be able to change this state of affairs as long as we have only haphazard direct contacts.

2. As in the case of import, the economies in question represent potential export markets too; exporters of raw materials may buy primarily technology and machines while the developed countries may buy certain semifinished products, finished products and foodstuffs.
3. Taking the import and export possibilities into consideration at the same time promises a possible and mutually advantageous structure. Malaysia, Indonesia and the Philippines, especially, are inclined to make exchange deals. One can imagine import diversion to aid this.
4. The countries of the region are much better and more reliable solvent partners than the majority of developing countries; they can create export deals with better covered conditions. The ratio of credit deals may be lower and their interest payment conditions more favorable.
5. In view of the small trade thus far, artificial obstacles will not make an increase in trade difficult.
6. As a result of the rate of their economic growth and export-oriented economic policies the socialist countries may get increasing emphasis, our homeland also; for example, we might buy modern electronic parts with more favorable conditions than in western Europe.

The arguments listed suggest that it is in our interest to develop contacts. How much our trade with this region will increase depends primarily on us, since in the present situation--when an expansion of the solvent customer market can be expected only in this world market segment--a number of countries with export offerings and import needs similar to ours will be seeking them. We must take the initiative and seek mutually advantageous meeting points, and so we must assume great risks and great initial costs.

External Economic Strategy and Tactics Recommended for the Region

Considering the fact that the states of the region support free private undertakings and see the role of the state in orienting and aiding these, we cannot expect that government initiatives will bring business to Hungarian enterprises. This does not mean that the enterprises must carry our market acquisitions without support, but it does mean that surely the Hungarian enterprises interested in export must discover the business possibilities.

Only enterprises with facilities on the spot can get access to the necessary information and contacts. Of these only those can count on serious results which can win the trust and interest of local private enterprises at a suitable level, which means primarily joint assumption of risk and capital investment. Considering that Hungarian enterprises have capital which can be mobilized for commercial purposes to only a limited extent, or not at all, there is no realistic possibility today for independent enterprise initiatives without central support.

The deliveries of the ASEAN countries among themselves enjoy special duty concessions and these are being exploited to an increasing degree by the transnational enterprises of developed capitalist countries. Within a few years we must count on the increasing significance of ASEAN JOINT VENTURE investments--if a joint production is created in some ASEAN country with the investment of another ASEAN country then they can make use of additional customs concessions. Should we neglect to join into local investments it is hardly probable that we will be able to make this up after 2 or 3 years.

Closer cooperation with local middleman trade could constitute a subject for special consideration of the rate of growth of possibilities in Hongkong and Singapore exceeds by a good bit those in western Europe. Conditions for assuming more direct contacts should be created on behalf of arrangements sections (reexport, leasing, compensation) working at some enterprises, via the appropriate sections of the Hungarian Foreign Trade Bank.

We certainly must differentiate--at the enterprise level--among the several countries and concentrate appropriately on the country or countries selected. Only in providing general external economic services should we give an unconditional advantage to those countries from which a larger area can be "overseen". There is only one market here which is important from the viewpoint of the entire national economy in itself in view of its size--Indonesia. The several enterprises and enterprise groups may be interested in different countries on the basis of different conditions, and they must weigh the import and export possibilities separately. Coordinating the interests of a number of enterprises could be very effective, since on the basis of the present structure and organizational level of Hungarian foreign trade the import and export interests appear separated, partly by enterprise and partly by country, so that linking them in the same relationship within an enterprise is very rarely possible.

In general the enterprise ideas connected with an expansion of export take the region into consideration as a "market reserve"--but usually they do not contain concrete goals or measures. Frequently they imagine the development of contacts in this way. "If some deal succeeds, then we will be able to do more with the given market." Naturally with this approach chance plays the chief role and the results of actions started as a campaign are missed, the hopes based on individual expressions of interest or tenders are not realized. Thus far about six or seven enterprises have taken concrete steps to deliberately win markets in the region. At most one fifth of the enterprises with foreign trade rights have created agent or representative authorities which mean regular contacts, and those only in one or two countries. Unfortunately there are many even among these of which one or another of the following unfavorable characteristics are valid:

a. There is a large ratio of temporary agreements or agreements between unequal partners. It is characteristic of these that the Hungarian enterprise, with an international reputation, is "represented" by an insignificant local firm or at best one with limited contacts in a narrow sector. These contacts come into being easily but they are difficult to break, or they take on similar weight due to the lack of information or indifference of the Hungarian side.

b. The same firm represents several Hungarian enterprises, often ones even competing with one another. The reason for this is that there are not intensive contacts with the given country, so the market researchers going out give each other addresses, or a few enterprises local merchants coming here sign a series of agent or representation agreements with eight or ten Hungarian firms. We might mention as an example that the same Bangkok firm represented the Hungarian Ship and Crane Factory, Ganz-Mavag, Transelektro, Technoimpex, the Ganz Electric Works and a number of other firms. This situation limits our freedom of movement unnecessarily.

Significant large enterprises of the world are turning exceptional attention to this region. It cannot be imagined that Hungarian enterprises will compete successfully with them from Budapest, but their assets are not sufficient to do more. An extensive expansion of foreign trade is a fundamental interest at the national level, but achieving fast results on new markets today can be imagined in only one way, by creating joint undertakings which fit into the developmental plans of the given country. A number of socialist countries have recognized this already. Romanian, Yugoslav, Bulgarian and Polish firms already have joint enterprises, with local firms, operating in this region. I feel that we cannot permit ourselves to lag in this competition.

FOOTNOTES

1. B. Bagassa et al.: "Development Strategies in Semi-Industrial Economies," World Bank Research Publication, 1982.
2. Parvez Hassan: "Growth and Structural Adjustment in East Asia," World Bank Staff Working Papers, No. 529.
3. On the basis of data in the Economic World Atlas, 1982 (Kartografia).
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5. With the exception of the Philippines, from 1983, due to the political events.
6. ASIA YEARBOOK, 1983.
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INTERNATIONAL AFFAIRS

ASPECTS OF POLISH-SOVIET ECONOMIC TIES HIGHLIGHTED

Soviet Sci-Tech Delegation in Poland

Warsaw ZYCIE GOSPODARCZE in Polish No 2, 13 Jan 85 p 14

[Article by K. P.: "New Stage of Cooperation"]

[Text] The moment of the signing in May 1984 of the "Long-Range Program for the Development of Economic and Scientific-Technical Cooperation Until the Year 2000" is a significant turning point in the history of political and economic relations between Poland and the Soviet Union. The importance of the adopted program lies in safeguarding the security of Poland in international economic relations. The program should also facilitate a considerable acceleration of R&D projects and the implementation of new technologies and production processes.

In December 1984, a delegation of Soviet scientists and technology experts sojourned in Poland at the invitation of the Government of Poland and in line with the general provisions of the cooperation program until the year 2000. The group of Soviet scientists was headed by Guriy Marchuk, member of the Academy of Sciences, deputy chairman of the Council of Ministers and chairman of the State Committee for Science and Technology of the USSR. The visit was of a decidedly working nature. Members of the delegation, outstanding scientists, Soviet economic functionaries and state officials, visited Polish research and development facilities, industrial enterprises and branch ministries. Multifaceted agreements on cooperation were also signed. These agreements are particularly essential for Poland because they will become a constituent element of the next 5-year plan and the long-range plan until the year 2000.

The largest Polish scientific institution, the PAN [Polish Academy of Sciences], will enhance its contacts with the Academy of Sciences of the USSR. Joint research on 50 key projects and 120 special topics will be undertaken. Cooperation will be developed primarily in the most modern fields of vital importance such as biocybernetics, biomedical engineering, space exploration, hydroeconomic systems engineering and also in the complex of the so-called biotechnologies. Similar agreements on direct cooperation between the PAN and the Belorussian and Ukrainian academies of sciences are being prepared. Through mutual coordination, the necessity of concentrating R&D work has been

acknowledged with regard to fields such as automation and robotics in manufacturing processes, the introduction of flexible (adjustable) industrial systems, the saturation of both economies with electronics (a meeting in the CEMI and WZT enterprises was devoted to this issues), the modernization of consumer goods manufacturing and production of chemicals for agriculture.

The accepted provisions envisage that in the first half of 1985 over 100 research and production units in both countries will engage in direct cooperation in these fields. As the representatives of the Soviet delegation have stressed, direct agreements between specialized interested institutions are an essential novelty in mutual contacts. In the opinion of the Polish side as well, this form of cooperation should considerably facilitate the shortening of the proverbial way "from idea to industry."

Important provisions were also made with regard to the iron and steel industry and machine building. Further strengthening of cooperative links is envisaged, especially in the production of semifinished products and subassemblies thus far imported from the West. Both countries will coordinate in time the utilization in production of all their achievements in automation and robotics in manufacturing processes. Similar talks were held during a visit paid by Soviet guests to the Silesian hard coal mines. The necessity of developing cooperation in this economic sector was stressed. It was underscored that research in progress is similar and that the mutual exchange of know-how on a larger scale should contribute to increasing the output and making the miner's work safer.

In chemistry, 8 new topics with no cooperation projects thus far were selected and 11 institutions from each side were assigned to a very wide-ranging area of research and production. Among other things they will undertake research and introduction of the most modern biotechnologies in agriculture, the food processing and pharmaceutical industry.

Construction and the building materials industry were also a subject of joint interest. Views were exchanged and cooperation was established in research projects on decreasing the materials and energy consumption in this area. The positive experience of both countries in this field were stressed, for example, the construction of the subway in Warsaw, where Soviet technology and equipment are used.

Contacts between the academic representatives of Poland and the USSR were very important and fruitful. Mutual exchanges between individual colleges were set up based on the opportunity to defend dissertations in one country or the other. Direct talks on this matter were held in Krakow and Radom. Representatives of social sciences from the two countries also decided to enhance mutual contacts: the Academy of Social Sciences will engage in permanent cooperation with the Institute of Marxism-Leninism in Moscow.

Guriy Marchuk, the head of the Soviet delegation, noted that many issues on which agreements were finalized only came up during the course of the visit. Among other things, guidelines were established for cooperation in research in areas which have not been the subject of common interest so far in the field of agricultural sciences. It became possible to discuss a wide array of

special and general economic issues. The much-needed and fruitful working visit by the representatives of the Soviet scientific and economic community ended in the signing of final documents (the minutes of the talks and four agreements).

Transitional Economic System Studies

Warsaw ZYCIE GOSPODARCZE in Polish No 3, 20 Jan 85 p 14

[Article by (ZRW): "Ten Years of the Polish-Soviet Commission for Economic Sciences"]

[Text] For 10 years the Polish-Soviet Commission for Economic Sciences of the PAN and the USSR Academy of Sciences has been vigorously at work. Its main activity is the sponsoring of annual scientific conferences alternately in each of the countries dedicated to the fundamental issues of the theory and practice of the socialist economy, such as, for example, the improvement of the economic mechanism in the socialist state, the theory of efficient management under socialism, the period of development of socialism as a socio-economic system, socialization of production, the emergence of agro-industrial complexes and economic aspects of environmental protection. Publishing efforts of the commission have resulted in the publication of eight volumes of essays on these topics. In the last 2 years the summer workshop of young economists was started (in 1983 in Moscow and in 1984 in Warsaw). A large community of economists from both countries takes part in the activity of the commission. It is headed on the Polish side by Henryk Cholaj, corresponding PAN member and deputy science secretary, and on the Soviet side by academician Tigran Khachaturov.

The 10th anniversary conference devoted to theoretical issues of the transitional period between capitalism and socialism took place in Alma Ata, the capital of Kazakhstan, between 19 and 25 November 1984. The conference was sponsored by the Economic Institute of the Kazakh Academy of Sciences, headed by academician T. A. Ashimbayev. A numerous group of economists from Warsaw, Moscow, Alma Ata and Kiev took part in the conference. Among other things, the topics of reports and discussion included the role of industrialization in creating the basis of socialism, the socioeconomic criteria of the expiration of the transitional period, the economic mechanism of the transitional period and factors of its evolution, the operation of economic laws in the multisystem economy of the transitional period, and the peculiarities of economic and social changes in agriculture. The issue of the Polish role in the international socialist division of labor and the question of the economic security of Poland in the process of developing its economic relations were also raised. The participants of the conference were also informed about the historic and contemporary socioeconomic problems of development in Kazakhstan.

It was decided to devote the next conference, which will be held in Poland, to the economic environment of the progress of science and technology in the socialist countries. It was also decided to organize in 1985 the third summer workshop of young economists in the USSR.

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INTERNATIONAL AFFAIRS

EEC-CEMA RELATIONSHIP DISCUSSED

Budapest POLITIKAI FOISKOLA KOZLEMENYEI in Hungarian No 1-2, 1985 pp 3-17

[Article by Andras Vaczi: "A Few Questions About the Relationship of the Two European Trading Blocs"]

[Text] No substantial progress in cooperation between the EEC and CEMA has occurred in the more than 10 years which have elapsed since the establishment of relations. It is all the more peculiar because this very decade was the period in which the wide-ranging system of relations between the countries of Europe's eastern socialist and western capitalist halves came into being, without an essential role in this process falling to the lot of the trading blocs.

I wonder what the reason is for this paradoxical situation. Why is East-West economic cooperation limited to the relations between individual countries, and why have the trading blocs been excluded from this development? It seems that relations between the two regional trading blocs cannot be traced directly to the factors which influence East-West economic relations. Many other factors are instrumental in relations between the trading blocs. Let us examine a few important interconnections from the viewpoint of East-West economic relations, first in a general way and then with respect to the relationship between the two European regional trading blocs.

Economic Interests and Political Considerations in East-West Relations

Political factors have had a significant role in East-West economic relations during the last 40 years. The political, ideological, military and economic rivalry of the two world systems began not long after the end of World War II. After the Cold War period of the 1950s, the East-West dialogue gradually evolved with a letup in political tension. It appears that detente began when the East and West sides decided to achieve their goals through compromise rather than confrontation. What it seemingly comes down to then is that through the altered politics of both East and West the policy of detente opened the way for more complex forms of East-West cooperation.

Such an approach to the issue grants politics a kind of very independent and above all permanent role. According to it, detente is nothing more than a series of political decisions based on mutually clearheaded insight. In most instances, long-range economic factors lurk behind the political processes, and these long-range tendencies of the economic processes greatly influence the long-term

development of politics. In this sense, mostly changes in economic power relations and interests stand behind the policy of detente.

Evolution of the military balance of power has had a very important role, of course, in the creation of detente. In the wake of equalization of military power relations and the global balance of arms, those Cold War political concepts of the West which were based on suppression and elimination of the socialist world system proved unrealistic. More and more people in the West recognized that the existence of socialism was an unchangeable reality in the world. More and more people from the leading circles of capitalist countries realized that the elimination of socialism was an illusion, and on the altar of this political illusion fewer and fewer were willing to sacrifice the economic benefits which stemmed from the acquisition of Eastern markets. The growing boom in advanced capitalist countries during the 1960s required newer markets. The significance of East-West economic relations was gradually upgraded, and a certain kind of Western interest in the development of relations took place.

Many people have called into question this interest of the West, first and foremost by alluding to the dissymmetry characteristic of East-West trade. In fact, the data on East-West trade indicate that the socialist countries represent a substantially smaller proportion in the West's foreign trade than the other way around. A dissymmetry in trade, however, still does not necessarily mean a dissymmetry in relative interest and even less a lack of interest by the West. The East European markets in the 1960s constituted noteworthy reserves of the West's boom; in the midst of the Western recession in the 1970s, however, their role in easing the crisis grew. I believe that the West's interest in the development of East-West economic relations cannot be disputed.

The fact itself that there are relations testifies to the West's interest. On the other hand, a certain level of economic involvement has made it necessary to remove the political obstacles which restrict the assertion of economic interests. This process took place for the most part during the second half of the 1960s and the first half of the 1970s (the arrangement of relations between the Federal Republic of Germany and the socialist countries, the solution to the West Berlin question, SALT I, SALT II, Soviet-American relations, Helsinki, etc). The more congenial atmosphere which developed under the influence of political measures naturally had a beneficial effect on the evolution of economic relations as well. As a result of the process, East-West economic relations have reached a significant level.

Naturally, political detente does not at all mean that East-West economic relations have become "free of politics." It will continue to be a matter of economic relations among countries with dissimilar social systems, and this is reflected in their politics, too. An important feature of the West's current conduct is stressed by Laszlo Udvarhelyi, who describes the basic concept of the Trade Act adopted in the United States in 1974: "It would be a mistake to see in the Trade Act merely an attempt at direct and unlawful external intervention... There is more at stake: the very law itself expresses the general Western fear of whether economic cooperation between the two worlds can spread in a direction

which produces a profound modernization of the enemy's economy."¹ This dilemma in East-West economic relations also appears in practice. The entire activity of COCOM [Coordinating Committee for Multilateral Export Controls] bears witness to this. Yet relations have grown despite these misgivings. This, however, can only confirm that the West's interest in the development of relations is so great that these fears could not materialize in an isolationist foreign trade policy by the West. This Western interest is obvious--even at the end of the 1970s and the start of the 1980s when the process of political detente came to a sudden stop. In connection with the events in Afghanistan and Poland, the United States began new Cold War rhetoric in international relations. Its West European allies, however, did not essentially commit themselves to this policy--despite U.S. political and economic pressures. The West European leaders scrutinized the general principles of East-West trade; yet on the whole their decisions did not reflect the American concepts. The point is that the Cold War winds blowing from Washington are perceptible in their foreign policies, but up until now they have staved off American pressure for a foreign policy change which would seriously endanger their economic interests in Eastern Europe.

In the case of the United States and the West European countries, the relationship between economic interests and politics is quite different. U.S. relations with Eastern Europe have never reached a level which would make America interested in these relations. In the last two decades, however, Western Europe has created a wide-ranging system of economic relations with the East, and it is generally interested in economic cooperation with the socialist countries. The dissimilar interest of the capitalist world's two leading centers in East-West economic relations manifests itself unmistakably in the difference in their foreign policy vis-a-vis the socialist countries. The essence of the difference is that while the United States decisively subordinates its economic relations with the socialists to its global policy, the foreign policy of the West European countries is influenced considerably by their interest in the economic relations they maintain with the socialist world.

The dynamics of growth in East-West relations are characterized by the interaction of economic interests and political considerations. Mutual economic interest opens the way for appropriate political forms, and yet the dissimilar social arrangement and the fundamental political position impose limits on economic cooperation.

Economic Interests and Political Considerations in the EEC-CEMA Relationship

In the 1970s and at the beginning of the 1980s in the majority of West European countries, a special kind of flexible relationship was created between economic interests linked to the socialist countries and the foreign policy adopted toward them. However, we cannot explain the relationship of the two trading blocs from the interconnections of national economic interests and national foreign policies. The possibility for relations between the trading blocs derives from the system of connections between trading-bloc interest on the regional level and foreign policy on the trading-bloc level. This is why the question comes up here: what

1. Laszlo Udvarhelyi, "Politika es gazdasag a kelet-nyugat kapcsolatokban" [Politics and Economics in East-West Relations], Kossuth Konyvkiado, 1979, p 97.

kinds of mutual interests of the two trading blocs as unified economic regions are linked to the cooperation to be developed on the trading-bloc level, and how do economic interests on the trading-bloc level influence the foreign policy adopted by the two communities toward each other? The possibility that Europe's eastern and western sections will come together as an economic region and that this will also be reflected in foreign policy depends, above all, on to what extent the two communities have actually become regional economic trading blocs in themselves and through their own internal integrative processes. It is easy to see that, for lack of economic interests² on the regional level, the natural form for cooperation is collaboration between the national states, not between the trading blocs.

If we raise this question from the EEC's viewpoint, then we must seek an answer to this: on behalf of Western Europe, in which areas on the trading-bloc level is the EEC able to represent national interests which manifest themselves in the development of East-West relations, and in which areas will they continue to be connected with the national states? By taking a look at a few internal processes of the West European trading bloc from this viewpoint, we get a fairly complex picture.

The EEC went the furthest in trading-bloc relations by creating a customs union and a joint agricultural policy. There came into being in Western Europe a unified regional market which laid the foundation for the EEC's unified conduct in foreign trade with countries outside the Community. As a result of changes which took place in the sphere of real economic processes, trade policy shifted from the authority of national governments to Brussels on 1 January 1974. From this period on, the EEC in foreign trade really acted like a regional trading bloc community with respect to outside partners. This fact is expressed in the trade agreements which the Community entered into with outside countries.

The EEC concluded a free trade agreement with the "remaining" EFTA countries. On 1 July 1977, customs duties imposed on industrial products and taxes with the impact of import duties were discontinued among the EEC, Norway, Austria, Finland, Iceland, Portugal, Sweden, Switzerland and Liechtenstein. On the basis of general preferences to be offered developing countries within the GATT framework, the EEC introduced on 1 July 1971 a preferential system in connection with the developing countries; over and above the general preferences, the EEC offers additional ones to the countries associated with the Lome Agreement. Starting 1 July 1977, industrial products moved freely among the member countries of the EEC as well as Israel, Spain, Malta and Cyprus. Expansion of the Community to include Portugal, Spain and Greece was on the agenda at the beginning of the 1980s, and indeed since then Greece has become a member of the organization. The EEC has entered into agreements with the Maghreb countries (Morocco, Algiers) and the Machrech countries (Egypt, Jordan, Syria). It has recently shown a lively interest in the ASEAN countries as well as the countries of Central and South America. Thus the EEC, seen from the side of the customs union, has undoubtedly reached a high level of market integration and is the world's largest trade

2. By regional interests I do not mean the interests of the West European area as a geographical unit but rather those economic interests which--while building up the national interests--the Community and its institutional system represent to outsiders.

association. The member countries' national interests in the area of trade merge into interests on the trading-bloc level and manifest themselves in a trade policy on the communal level. So it is not surprising that with respect to the external partners in this domain the EEC acts as a regional group which--building up interests on the communal level--represents the trade interests of the member countries.

It has become clear in the 1980s that the processes of market integration do not automatically lead to the integration of other fields of economic life. Andras Inotai describes this set of problems as follows: "The West European trading bloc was and is, for the most part, built on the dominance of market influences. There is a need for the Community's activity to deviate from the common market viewpoint and move in the direction of integrated production structures. This, however, presupposes more integration in its very foundations and production relations which differ from capitalist ones."³ So the West European trading bloc is nowadays faced with new problems. The dilemma which should be solved is twofold. On the one hand, the regulatory tools today at the disposal of the national states ought to be merged into the state monopolist regulatory system on the trading-bloc level; on the other hand, state monopolist regulation built on decisively market influences should be complemented by more direct intervention in the real economic processes. The first part of the question conflicts with the national interests, and the second is alien to the capitalist ownership nexus. This contradiction is reflected well by the EEC's present situation. Over and above the "Common Market," namely, the EEC's internal integration processes have developed with great difficulty in the decisive majority of economic processes. Therefore--in contrast to the trade sphere--the national interests have not merged into interests which appear on the regional trading-bloc level, and in these areas Western Europe is unable to act as a regional trading-bloc association with respect to outsiders. In connection with this, let us look at a few of the EEC's internal problems.

The EEC's energy policy is characterized by serious internal tensions. In the energy sphere--similar to the other areas--creation of a liberalized energy market was the original goal, and as a result of this, energy products were able to circulate freely among the EEC's member countries. After 1970 it was more and more difficult to maintain the free market in this domain, and the member states introduced certain restrictive measures among themselves. The joint energy policy shifted increasingly toward energy production and consumption as well as studies in power-supply management. This change is unmistakably reflected in various programs--accepted by the EEC's leading agencies--which in the majority remained on the concept level. The reason for this, on the one hand, is that from the outset the member countries viewed the problem from a global, not regional, aspect and that, on the other hand, the decisive tools for regulating production, consumption and acquisition from outsiders remained in the hands of the national governments. This is clearly demonstrated by the failure of the negotiations conducted between the Community and the oil-producing

3. Andras Inotai, "A regionalis integraciok az uj vilaggazdasagi helyzetben" [The Regional Trading Blocs in the New World Economic Situation], *Kozgazdasagi es Jogi Konyvkiado*, 1980, p 117.

countries or by the problem of the gas pipelines linking the Soviet Union to Western Europe. The EEC as a regional trading bloc, namely, does not participate in construction of the gas pipeline; the agreement was reached between the Soviet Union and several West European countries. Thus the EEC today does not in practice have an applicable joint energy policy; the Community has so far been unable to fuse the national interests in this area into an interest which can be represented on the trading-bloc level.

The situation is similar with regard to industrial policy issues. In order to protect industrial sectors in crisis, the committee introduced a series of measures. These, however, are of a decisively commercial nature, and since the structural problems are only reflected in the trade sphere, tools for influencing trade are not suitable for their solution. Naturally, over and above trade-policy measures, the elaboration of other proposals also ensued. With respect to the textile industry, the Community proposed a halt in investments up until the start of the 1980s, and indeed it urges the discontinuation of production in some areas. It worked out plans for significant reductions in capacity in the shipbuilding industry. It likewise recommends reductions in capacity in the steel industry and the oil-refining industry, and at the same time it envisages the creation of new jobs for the freed manpower. Thus there exist proposals on the community level; yet the fundamental economic tools related to the industrial sectors in crisis have continued to remain in the hands of the national governments. For example, a national plan was prepared for the solution of the shipbuilding industry's problems in the Netherlands and France, and the leading enterprises coordinate their production. In Denmark and the Federal Republic of Germany a central economic policy concept for the solution of sectoral problems did not evolve. Aid for industrial sectors in crisis thus depends on the outcome of conflicts of national interests within the trading bloc itself, and this indicates that the EEC in its relations either inside or outside the trading bloc is unable to raise the member countries' national interests to the level of regional economic interest.

The situation is no better if aggressive experiments in industrial policy are brought up. Since the mid-70s more and more attention has been focused on the development of so-called science-intensive industrial sectors in the Community. Numerous problems must be confronted in this domain, however. American superiority is overwhelming in electronics and the computer industry. The EEC member countries import 90 percent of the components of equipment containing the most modern technology. They subsidize joint research studies to a modest degree--\$2 million--in the above-mentioned two industrial sectors. In the pharmaceutical industry, they have reached the stage of experiments which aim at unifying national health standards. Space research in Western Europe is not routinely conducted within the confines of the Community; the European space agency is an organization independent of the EEC. In the field of peaceful application of atomic energy, though Euratom's basic principles would provide an opportunity for it, development, manufacture and marketing have remained within the national framework of the interested countries. The munitions industry constitutes a particularly complicated problem. Joint developments in the munitions industry did take place (airplanes, tanks, certain missiles); yet the national stamp dominates today in the West European munitions industry as a whole. Thus with

regard to the key industrial sectors we cannot speak of a strongly integrated Western Europe and of economic interests on the regional level. Indeed, the national stamp is perhaps strongest here.

An undeniably important area of cooperation within the EEC is currency cooperation. Several efforts have taken place to create a monetary union. The idea of an economic monetary union, which the committee drew up in 1969, was made concrete by the two Barre plans. The so-called Werner committee brought about further elaboration of the plans. The committee debated concepts related to a monetary union for the first time in June of 1970. The notion of a West European monetary system--it would have fully met the demands for a customs union and joint agricultural policy--based on fixed exchange rates took on a clearer and clearer outline. Starting in July of 1971, the member countries took several practical steps on the road which leads to a monetary union; these efforts came to a standstill, however, in the wake of the 1971 currency crisis.

The question of monetary cooperation again turned up on the agenda after the 1974/75 crisis. The European Monetary System (EMS), which went into effect 13 March 1979, was created as a practical result of cooperation. One of the most important elements of the system is the establishment of the European Currency Unit (ECU), which is essentially a currency basket for the member countries' currencies. The ECU possesses certain functions of international money: a collective measuring device, a means of payment for intra-European loans and, furthermore, a means of intervention and reserve. By creating the ECU, the EEC took a significant step toward a monetary union. However, the ECU fulfills the monetary function only to a limited degree; the member countries' national currencies and the dollar continue to have an exceptionally important role. So at present the ECU is by no means suitable to serve as the monetary basis for the EEC's conduct at the unified trading bloc level. Accordingly, it does not play a role in East-West relations.

In connection with the monetary sphere, it is worthwhile to mention credit policy. For a long time the EEC member countries--in concert with the other advanced capitalist countries--have coordinated their policy concerning credits aimed at abroad; the concrete granting of credit, however, is carried out by the individual countries' national banking institutions in accordance with the national governments' concrete credit policy. The large national banking institutions therefore often find themselves in conflict with each other on the international money markets. West European economists frankly consider the national character of the credit sphere one of the weakest points of West European cooperation. They find that this fact definitely weakens the Community's position with regard to CEMA and its member countries--particularly the Soviet Union. Nor does the EEC in the credit sphere represent the West European countries' interests on the trading-bloc level; credit policy is basically a function of national economic interests.

Capital exports play an essential role in the growth of the West European trading bloc. As a result of capital movements within the trading bloc, the enterprise sphere is interdependent economically and organizationally, and West European transnational and multinational enterprises are emerging.

On the one hand, enterprises which pursue international activity in the member countries mean a consolidation of the trading bloc. On the other hand, however, they give rise to further contradictions. These private-capital enterprises which operate in the international medium of the Community and the world economy cannot be controlled by the national instruments of state monopolist regulation. As they do not have a national character, they do not have a "common market" character, either. The EEC's transnational private-capital enterprises do not represent some kind of uniform and integrated Western Europe with respect to outsiders, because in their external international economic relations they act primarily as private-capital monopolies and--at best subordinate to this--represent West European interests. The private sphere within the EEC represents the Community only where and insofar as regulation on the regional level influences its activity.

In spite of their self-contradictoriness, the EEC's internal trading-bloc processes must not be undervalued. The Community has achieved substantial success in agricultural policy (despite the latter's grave self-contradictions), and there are successes in monetary cooperation, too. Over and beyond these areas, additional issues linked to consolidation of the trading bloc figure in the Community's agenda, and the West European countries are striving seriously to solve the most important mutual problems on the regional trading-bloc level.

If we then seek an answer to the question of whether the attained level of co-operation between the member countries and the institutionalized representation of mutual interests form a sufficient basis for the EEC to act as a unified economic region with respect to other trading blocs, among them first and foremost CEMA, it appears that the Community still has not prepared itself for raising the trading-bloc level of East-West relations. Without my underrating to the slightest degree the EEC's undeniably substantial achievements, I have come to the conclusion that--outside the sphere of trade and agricultural policy--the Community in other areas has not attained a level which would have merged the member countries' national interests into a unified interest on the regional trading-bloc level. For the time being, the Community is thus unable to build the national interests linked to the West European countries' East-West relations--over and above trade and agriculture--into a system of economic relations between the "two Europes." This seems to be supported by the EEC's fairly rigid standpoint on the question of East-West economic relations. Today, evidently, Western Europe's interests are decisively tied to these relations not on the regional but on the national level. So it is not a question of Western Europe's lack of interest in East-West economic relations but rather that this interest turns up in the foreign economic policy of individual nations, and the EEC is unable to make these otherwise really existing national interests--as a result of the internal contradictions and the conflicts of national interest--appear on the regional level in external relations.

The EEC's relations to CEMA and its member countries--since economic interests on the trading bloc level fundamentally do not motivate it--continue to be influenced by those political concepts which took shape simultaneously with the development of the West European trading-bloc process and which circulate in the sphere of thought of politically unified Western Europe. It is enough here to refer to the concept of "Atlanti-Europe" which, under the U.S.'s military

"protective umbrella," wants to create a politically, economically and militarily powerfully integrated Western Europe, or to the notion of the "European Europe," which sees Western Europe's future in the creation of an economically and politically unified superpower having its own nuclear military forces and which outlines a kind of "European United States" which would pursue an independent foreign policy vis-a-vis both the Soviet Union and Eastern Europe and the United States. Included here as a third one is de Gaulle's idea of a "fatherlands' Europe," which in foreign policy essentially represents the outline of "European Europe"; in the "fatherlands' Europe," however, the nations retain their independence despite the countries' close military relations. Visibly pronounced political concepts are thus linked to the idea of an economically united Western Europe, and their effect is making itself felt in the relationship of the two trading blocs.

In the field of trade, the EEC today represents a unified Western Europe vis-a-vis Eastern Europe. In this field it is disposed toward an arrangement which corresponds to its own political and economic interests. Since, however, in the very field of East-West trade CEMA is unable to represent uniformly the member countries' interests, a comprehensive trade agreement between the two European trading blocs is hardly conceivable. On the other hand, the West European standpoint which urges trade negotiations and agreements between the EEC and individual socialist countries is obviously not free of considerations that the Community should use its economic power as a tool of political and economic pressure. Therefore, any kind of agreement aimed at regulating trade between the EEC and the East European socialist countries--whether it be between the EEC and CEMA or between the EEC and individual socialist countries--can serve efficient East-West trade and the long-term interests of the CEMA countries only if a concept common to the CEMA member countries and embracing the whole of East-West trade stands behind it. If we keep this viewpoint in mind, however, a breakthrough in the area of trade relations between the two trading blocs can only be expected if the East European interests associated with West European trade relations appear increasingly on the CEMA level. In this case, agreements binding the two trading blocs to each other can really pave the way for the mutual assertion of interests.

With respect to the possibility of cooperation between the trading blocs, it seems for the EEC's part that the current paradoxical situation of East-West relations continues to persist. While the West European countries pursue a relatively flexible and more realistic foreign policy which expresses their economic interests with respect to the socialist countries, the eastern policy of their trading-bloc organization, the EEC, proves to be unchangeably inflexible. "Relaxation" in the EEC's eastern policy will only take place where and insofar as its own internal trading-bloc processes become more consolidated, and its otherwise really existing national interests linked to East-West economic cooperation of the member countries are intertwined on the regional level. This relaxation will plainly be the more profound the more these West European interests on the trading-bloc level coincide with the East European socialist countries' national interests which are of a similar magnitude and which can only be represented on the CEMA level.

EEC-CEMA: Dissimilar Production Relations--Different Mechanism of Cooperation

Cooperation between the two European trading blocs has difficulties over and beyond those elucidated in the preceding pages. These problems derive basically from the dissimilar nature of the two regional associations. The determinative relationships of commodity production based on private capitalist ownership prevail within the EEC; decisively oriented toward the market and demand, state monopolist regulation of new production rests on this. That is why the capitalist state seldom intervenes directly with its economic policy in economic processes.

Commodity production also takes place in socialism, but the commodity relations exist on the basis of collective ownership, and their laws assert themselves accordingly. Through the national economic plans and with the tools of economic regulation, the socialist state plays an active role in the supervision of the whole of production, broadly defined.

The differences in production relations manifest themselves in the superstructure and in the dissimilarities in economic mechanisms on the level of both the countries and the two regional trading blocs. Thus in the concrete connections between the EEC and CEMA, the differences in economic mechanisms on the trading-bloc level which express dissimilar relations raise problems and make it difficult for the two trading-bloc associations to "adapt" to each other.

Even at the start of their evolution, the two trading-bloc associations embraced countries possessing dissimilar production relations and production forces at various stages of development, ran a fairly dissimilar course of evolution and nowadays present pictures which differ considerably from each other. The emphasis here is on differences in development, which does not mean that one is a "better" and the other a "less good" trading bloc. An approach to the problem which requires the development of one trading bloc to account for the specific laws of the second one's development cannot result in success. Nevertheless, there are a number of examples of this--for the most part, it is true, in an indirect way. In the economic literature, for example, there is the widely accepted standpoint which breaks down development of the economic and trade associations into the following stages: preferential customs zone, free trade zone, customs union, common market, economic union and finally a complete economic-political fusion. Although this sectioning refers to economic/trade associations, in practice these are regarded as trading blocs, and consequently the outlined developmental stages are at the same time stages in the consolidation of the trading bloc process. If this is necessarily the path of development of every trading bloc and if this is the only method for development of regional economic associations, then we cannot really regard CEMA, for instance, as a trading bloc, since it has not reached even one of the above-mentioned developmental stages. This type of development, however, cannot be required in a socialist trading bloc, and I think it would likewise be a mistake to sketch the development's outlook in such a direction. We probably come closer to the truth if we regard the above-mentioned path of development as characteristic only of certain types of trading blocs, namely, those in which the integrative processes evolve in the sphere of trade and the entire trading-bloc development is built on the priority of market influences. Moreover, it must also be noted that there are trading-bloc associations in which the main stage of integrative development is not commerce--development

itself of the trading bloc is not built decisively on spontaneous market influences--but rather the cooperation between countries extends to the whole of the broadly defined production process. The results of a trading bloc which assumes such a path of development cannot be described by the laws of trading-bloc development built on so-called market influences. In the economic literature, therefore, in order to make the differences clear, the terms "production trading bloc" and "market trading bloc," which denote two fundamental paths of trading-bloc development, are used.⁴ The dissimilar development of the EEC and CEMA is an objective process which cannot simply be described by an evaluative classification. Both trading-bloc associations follow a qualitatively determined path of development and take aim at the solution of the internal self-contradictions which arise from the features of their own evolution.

In the case of the EEC, it is entirely obvious that it evolved as a market trading bloc and is evolving today, too. In connection with CEMA, however, the issue is often raised that its internal contradictions derive from the fact that the undervaluation of the international marketing sphere and the restricted assertion of commodity and monetary relations among the socialist countries have all the while been obstacles to consolidation of trading-bloc processes. It is unquestionable that this set of problems is extremely important in connection with CEMA's entire future development. However, behind the excessive emphasis taken from the development's historical and economic characteristics, it is not hard to perceive the scheme for calling the so-called market trading bloc to account as if that had been a realistic alternative for CEMA's development.

In the EEC's case, the trading-bloc mechanisms from the viewpoint of the effect exerted on the organization's external relations must take the following factors into consideration.

The West European trading bloc had its origin in the microsphere; the market influences shaped it. What it amounts to is a trading bloc of capitalist countries which had at their disposal well-developed production forces of international magnitude; their economies were structurally differentiated and developed. Production forces of international magnitude called for markets of international magnitude.

Foreign trade relations among the West European countries had already reached a significant level in the period preceding World War II. It is true that the 1929-1933 economic crisis and, as a result, the intensified protectionism in

4. It must be observed, however, that the distinction between "market trading bloc" and "production bloc" is not universally accepted. Many consider the differentiation contrived. Andras Inotai writes: "...a significant share of the experts who deal with trading-bloc theory emphasize that the structures of the two trading blocs still cannot be strictly separated from each other; after all, in order to attain their particular goals, both must employ several tools of the other trading bloc. Numerous examples prove that the market trading bloc employs tools which go beyond the market limits, and at the same time certain commercial (market) factors obtain a role in the socialist trading bloc." (Andras Inotai, op. cit., p 14)

international trade weakened the relations of the leading capitalist countries; moreover, Western Europe was also torn apart politically in World War II. Nevertheless, after World War II, an evolving trading-bloc process came into being among countries which were linked traditionally by the threads of the division of labor over a long historical period. It is unquestionable that the rapid economic growth after World War II, especially during the 1950s, directly laid the foundation for the creation of the EEC. Yet the West European trading bloc as a whole is the result of the lengthy period--stretching from the final third of the 19th century--of the international division of labor. The historically mature relations of countries at a more or less equal stage of development located in an equivalent geographical region could only lead to the evolution of the EEC.

If we examine the change in production relations from the historical viewpoint, then we see that capitalism made commodity production into a general thing and created unified national markets. The national economies of the capitalist countries formed a unified whole through the system of market relations. Therefore, when development of production forces reached such a level that the economy was no longer able to function without some kind of central regulation, it could by nature be nothing but market regulation, since this corresponds to the nature of capitalist commodity production based on private ownership. State monopolist regulation is thus by necessity market regulation. Capitalist production forces which have become international make the capitalist market international and raise the question of the necessity of international state monopolist regulation. Since internationalization of the capitalist production forces is realized historically and logically through market influences, the capitalist international economic trading bloc also by necessity originates in the marketing sphere and its effects motivate; regulation on the trading-bloc level can only be of a market nature.

When speaking of the internationalization of production forces, it must be stressed that here it is a matter of production forces which are isolated from each other in terms of ownership and which are organized within the framework of private capitalist enterprises. Thus the production forces of the individual capitalist national economies on the international scene do not represent a unified national character; there, too, they function in accordance with the objective laws of capitalist commodity production. Nor does state monopolist regulation change this fact fundamentally because, on the one hand, national regulation does not essentially limit the independence of capitalist enterprises and, on the other hand, it corresponds to the national in the nature of regulation on the trading-bloc level. Furthermore, the economic processes comprise a relatively narrow sphere.

The conclusion follows from the foregoing that in the organization of the individual capitalist countries and--in the case of the EEC--the foreign economic relations, central regulation does not have a monopoly; on the contrary, its not unimportant role is indirect and includes decisively influencing the whole of foreign trade relations with trade policy tools.

The vehicles of East-West economic relations in the West are the private capitalist companies. This statement refers not only to the large international

monopolies but also holds true for the small and medium-sized enterprises of the capitalist countries.

In the case of the socialist countries, foreign trade is a state monopoly and this determines--though to a different degree--foreign trade's organizational system, which is strongly centralized. Therefore, the majority of socialist enterprises are linked to the system of East-West cooperation not directly but rather through some kind of nationwide foreign trade organization. In the case of the socialist countries, some kind of state agency with nationwide scope of authority generally receives a significant role--if to a different degree--in enterprise-level cooperation with Western companies. This is otherwise characteristic of the mechanism for cooperation within CEMA. The problem of cooperation within CEMA--it has figured on the agenda for a long time--is the underdevelopment of direct relations between the enterprises. It is thus understandable that in the field of cooperation between enterprises CEMA does not play an essential role in East-West economic relations.

From the viewpoint of the mechanisms of East-West cooperation, it is likewise an important factor that the capitalist enterprises on the world market operate under the influence of market laws, and in East-West economic relations they pursue a course in conformity with commodity and financial conditions. In East-West relations--as opposed to economic relations within the socialist countries--fluctuations in business conditions, price conditions on the world market, market competition, changes in exchange rates, etc, always have a large role.

To sum up, it can be established from the viewpoint of the cooperation mechanism that the capitalist states and the EEC form a trade-policy concept within the framework of which private capital participates in East-West relations with great independence and on the microsphere level. These relations function on the basis of laws of commodity and price conditions.

The foregoing factors are extremely important to the socialist countries. In their case, centralized state agencies take part in the operational management of foreign economic relations. The enterprises do not fully and immediately experience the effects of changes on the world market. In the relations among socialist countries, the commodity and financial conditions assert themselves to a limited degree. The determinative element of cooperation is the system of long-term plan coordination and interstate agreements. This foreign economic medium is thus substantially more than what the socialist countries encounter in East-West economic relations. Rapid and flexible accommodation to changes in the world economy on the part of mechanisms for East-West economic relations present the socialist countries and their trading-bloc organization, CEMA, with new and complicated tasks.

12327

CSO: 2500/189

CZECHOSLOVAKIA

FUTURE OF FORESTS REVIEWED BY CENTRAL COMMITTEE

Prague RUDE PRAVO in Czech 22 Jan 85 p 1

[Editorial: "Forests for Us and for Future Generations"]

[Text] The more than 4.5 million hectares of forests represent 35.8 percent of the total area of our state. Few states in Europe can boast of such a share of wooded areas. Forests are our great national treasure and every generation has the duty not only to protect but also to expand this wealth.

On 9 January the Presidium of the CPCZ Central Committee discussed the report on the situation of our forests and the potential of their economic exploitation; it noted that our workers in the forest economy were in general successful in meeting the tasks of national economic plans. The increasing tasks of afforestation were successfully met and always corresponded to the degree of the exploitation [of forests]. For instance, 39,874 hectares were newly afforested in 1975 (21,752 hectares in the CSR and 18,122 hectares in the SSR); in 1982 that area was expanded by 39 percent in the CSR and by 21 percent in the SSR.

Furthermore, forest economists are stepping up their efforts to rationalize their operations. This was reflected by higher labor productivity, to which mechanization, especially the automation of strenuous jobs, contributed greatly. It helped reduce work forces--even with higher production tasks--and last but not least, it also set the groundwork for a reduction of production costs.

The auspicious development of our forest economy, which is aimed at gradually increasing timber production and all nonproduction functions of the forest, however, has been recently more and more adversely affected by unfavorable external factors, particularly over the past 2 years by the weather--drought, gales, frosts as well as excess of snow in some seasons--and consequent damages.

The deteriorating general situation in our forests, therefore, cannot be blamed only on the effect of pollution, which also leads to an unprecedented invasion of harmful insects. Let us recall the disastrous infestation of the larch moth, which was eliminated in the past years by very expensive, albeit effective methods. Moreover, last year our forest economists marked

considerable success in their fight against the bark beetle, though thus far that fight has not ended.

All that will indubitably be reflected in a lower increment of the wood mass in future years, but in addition it also signals the need to step up our concern about the further development of our forests.

Our forest economists are fully aware of their share of responsibility for our republic's natural wealth. Moreover, they realize that our forests must serve in the best possible way not only our generation, but also those who will come after us. That is reflected in their efforts to continue the restoration of our woods and to develop them systematically, so that they may fulfill all their functions. That is the result of the socialist approach to our greatest national treasure. It is not always easy to achieve the objectives of its development.

In its decisions concerning the issue under discussion, the Presidium of the CPCZ Central Committee stressed that it is just as imperative to safeguard the future of our forests even in difficult conditions under which our forest economists are now working. What must be done to accomplish that goal? First of all, it is necessary to come to grips with certain shortcomings and problems evident alongside the positive results achieved under difficult conditions.

In the first place, the extent and the quality of the cultures are not equal to the escalating demands on the maintenance of the productive and other functions of the forest. Forest soil and the gene pool of forest trees, as well as the adaptation of the water system, including biological amelioration, must be urgently given increased care. Furthermore, proper affestation of the devastated areas calls for more consistent care. Continuous shortcomings are evident in protection of forests and in cultivation of forest growths, mainly those less than 50 years old. During affestation works considerable losses are caused by insufficient care for the seedlings and young trees.

In view of the high degree of accidental exploitation, the effort to fulfill the economic tasks in the planned assortment and quality of timber leads in many cases to the cutting of trees of the best quality, and thus it sets back the desirable exploitation of inferior, over-age and less accessible trees and of trees whose replacement is more tedious. Tree cutting has been often exceeded in the undesirable direction--more evergreens are being cut than deciduous trees, which are less in demand.

Moreover, the care taken to keep the forests clean and stable is unsatisfactory. It is the duty of all state forest enterprises, forest companies and individual forest districts to be consistent in implementing measures aimed at eliminating the existing shortcomings, mainly programs to invigorate the biological substance of the forests and to increase their resistance and stability as much as possible.

Far more attention is due to comprehensive utilization of the wood mass, especially to better utilization of the mass of the brushwood and slashes left after wood-cutting and also of a waste produced by the wood-processing

industry. That, however, is not a task for forest economists alone. To fulfill this task, they intend to take a major step by expanding the production of wood chips. It is envisaged that in the Eighth 5-Year Plan the production of this line of timber will amount to a total of more than one-half million cubic meters. The demands of wood pulp in our national economy will be satisfied only by more thorough utilization of all timber, which cannot be done without the systematic participation of our wood-processing industry. Therefore, its sectors must act more promptly to adapt their processing capacities to the conditions of timber supplies in our forests and to the potential of exploitation of forest economy.

The main task facing our forest economists at present is to restore the balance between the biological and economic aspects of the process of replacement so that our forests may satisfy the needs of our society not only now but especially in the future. That calls for a qualitatively higher level of work in all of our forest economy which must become the foremost concern and literally the daily duty of all communists and party organizations in individual places of work, from the ministries to forest districts.

In their work our foresters are grappling with such problems as the fight against adverse factors, including harmful insects, improving the methods of cultivation, and above all more efficient utilization of all wood mass; our R&D base must help here more efficiently than in the past. This applies not only to the sectors but also to other places of work and to organizations, including basic research.

By the same token, the effort to safeguard the productive and other functions of the forest must become literally a societywide issue. Windfall must be salvaged promptly and properly, which demands in particular efficient help on the part of all interested planning and sectoral agencies, national committees, public organizations of the National front as well as of our citizens. A no less vital task--which cannot be left to our forest economists alone--is the reforestation of areas denuded after disasters or woods afflicted in some other way.

Wherever conditions permit, planting new forests is one of the programs that may fully test the attitude of the broad strata of our citizens toward our republic's greatest natural treasure already this spring. This is an opportunity for the organizations of the National Front, particularly youth associations, and for all who are interested not only in the prompt healing of the wounds of our forests but also in the further wholesome development of our woods.

For all who are today exploiting the wealth of our forests, it is explicitly a question of honor--a question of high civic co-responsibility for passing on to the future generations forests that are not only viable but also in the best possible condition.

9004
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GERMAN DEMOCRATIC REPUBLIC

MINISTER INTERVIEWED ON ENVIRONMENT POLICY, MISSILE THREAT

Leipzig LEIPZIGER VOLKSZEITUNG in German 24/25 Nov 84 p 11

[LEIPZIGER VOLKSZEITUNG interview with Dr Hans Reichelt, Minister of Environmental Protection and Water Management. Date and location of interview not specified. Original title of article: "The Preservation and Efficient Use of Nature, the Source of Life"]

[Text] For a long time, smoking chimneys were considered the symbol of a thriving economy and secure jobs. With socialism, economic growth and social security have become a truism, and that is a good enough reason to ask whether environmentally harmful smoke or waste water cannot be eliminated--or better still, whether their substances cannot be recycled. With steadily growing possibilities, the costs of preserving nature are rising as well, even though noticeable progress can only be gradual. Despite our problems, as yet unresolved, success in our environmental policies are visible everywhere. The results in this area and future plans are the topic of our dialogue today.

Our partner in this discussion is Dr Hans Reichelt, who was born in 1925 in Prenzlau. In 1949, he joined the Democratic Peasant Party of Germany to whose key committees he was appointed only one year later. In 1953, he was appointed Minister for Agriculture and Forestry (until 1963). Subsequently, he was deputy chairman of the Council for Agricultural Production and Food Management, with the rank of minister. He has been holding his present position as deputy chairman of the Council of Ministers and as Minister of Environmental Protection and Water Management since March 1972. Dr. Hans Reichelt who is also deputy chairman of his party, has been awarded numerous honors including the Patriotic Order of Merit. He is married and has three children.

[Question] UNESCO [the United Nations Educational Scientific and Cultural Organization] has included environmental protection in its list of "global problems," the resolution of which is of great importance to the future of mankind. In our country as well, this topic is increasingly becoming the

focus of public attention, and more and more citizens, in cooperation with the government and business, are setting up social organizations for a clean environment. What are the basic goals of our environmental policy?

[Answer] Our environmental policy is an integral part of our overall policy which seeks the welfare of the people and the protection of peace. It is in line with our objective "to preserve nature as the source of life, material wealth, health and joy of all people and to use it efficiently on a scientific basis," as the SED program says. This is necessary for the secure and happy life of future generations in the communist society.

Out of this socially very important and far-reaching task arise two closely linked objectives to structure and protect our natural environment: to improve the working and living conditions of all people and to enhance the growth and efficiency of our domestic economy. Both serve the welfare of our people, today and in the future. This is the declared and practiced policy of the SED, of the parties it is friendly with, and of the socialist state.

Environmental Protection Means Comprehensive Intensification

[Question] At first sight, there seems to be a contradiction between environmental protection and economics. Still, we are talking today about efficiency through waste-free technologies. How do you see the connection between environmental protection and economic strategy?

[Answer] The SED focus of its economic strategy on the comprehensive intensification in all economic sectors and the determined pursuit of resource-efficient growth meets the requirements of environmental protection entirely. Its goal is to make increasingly better use of available raw materials of all kinds so that nature and its wealth are utilized efficiently and that future generations do not have to bear the burden of ruthless exploitation and wastefulness.

Comprehensive intensification in all sectors of the economy, particularly through the acceleration and introduction of science and technology; cutting the consumption of production in absolute terms; finished products of better quality; saving of materials and raw materials; the efficient use of energy and water; steadily improved utilization and exploitation of secondary raw materials; utilization of substances from byproducts and waste waters as well as the efficient utilization and protection of nature and its resources. It all results in steadily growing, more efficient production while minimizing, at the same time, the pollution of the air, waterways, soil and atmosphere; hence they all improve the environment. To cut consumption and waste, to achieve good raw material management and materials savings as part of our environmental policy means that our natural resources are put to use in a way that permits their increasingly total utilization in the production process and less and less waste products to pollute the environment. All of these economic planning tasks benefit more than anything else our environmental policies of today and tomorrow.

[Question] The industrial centers, in particular, show that we cannot solve our environmental problems overnight. Isn't it that here as in the Leipzig/Halle region, environmental protection measures must be applied with more determination?

[Answer] This is why the resolutions adopted at the SED's Tenth Party Convention demanded that priority efforts be made in line with the socialist intensification program to focus on the improvement of environmental conditions in industrial centers. Since the Eighth SED Convention, we haven't only been able to hike industrial production to 180 percent, but to also improve the environmental conditions in important areas, especially in worker centers.

Less Pollution Despite More Industries

A large number of projects are under construction to clean the air and to treat waste water, e.g., air purification installations in the briquetting plant at Witznitz, Deutzen and Boehlen, and in the Georgi Dimitroff heating power station in Leipzig. Installations for the biological treatment of industrial waste water at the brown coal processing VEB at Espenhain and at Galvanotechnik in Leipzig are being set up or have already started operating. Others are the communal biological waste water treatment plant in Leipzig-Rosental, where household sewage from more than one million people can be treated biologically. When completed, the waste load in the waters of that region can be cut by 25 percent from what it was in 1980. Even today, we recover for recycling into the production process valuable materials valued at 23 million marks a year by way of dust-removing equipment and sewage treatment installations.

Thus, much has already been done to make more efficient use of water and to protect our waterways, to recover useful materials from waste, to exploit secondary raw-materials from households and to protect our forests, e.g., in the Dueben heath, as well as to beautify the environment in our cities and villages.

Between 1976 and 1983, some 3,300 hectares of land, formerly used for mining purposes, were returned to agricultural use and reworked. The open pit mines at Schleenhain, Witznitz and Peres are being prepared for farming, and those at Haselbach, Zwenkau and Espenhain primarily for forestry. The remaining open pit mines at Haselbach, Borna-Ost and Kulkwitz are being prepared, or are already being used, for local resort purposes.

[Question] These examples show that our society spends a large amount of financial and material resources on protecting the environment. Nevertheless, this task can only be accomplished if every individual gets involved and makes an active contribution. What are the possibilities to achieve that?

[Answer] Under socialism, environmental policy relies on broad citizen initiative. Everybody is involved in a constant give-and-take with nature and has a positive or negative impact on it. The constitution of our country states that the protection of nature is the responsibility of every citizen. This is already a constitutional reality today. More and more, the many citizen initiatives include active participation in shaping and protecting

the environment. This includes active participation in improving our environment and tasks relating to the protection of the environment at the workplace and in residential and resort areas, in the labor unions' socialist competition, in the National Front's domestic mass initiative "Beautify our towns and villages--Participate!", in environmental conferences and many social organizations.

There are many opportunities to get involved in environmental matters through the committees of the National Front, the GDR Cultural League and its Society for Nature and the Environment, the Chamber of Technology, URANIA, the German Anglers Association of the GDR, the Association of Small Gardeners, Housing Development Residents and Breeders of Small Animals, and elsewhere.

Today, we are calling on everybody at his or her job, company or agricultural producer association (LPG) to think about what can be done to use energy, water and materials more efficiently, to cut the consumption of products overall, to minimize waste materials, to recover useful substances from waste products and to re-use them in the production process and to enhance more materials savings. This is the goal of many competitive programs and an area in which innovators and efficiency experts can contribute on a broad front. This not only helps to put our economic plans into effect but is also increasingly becoming the principal way of using our natural resources effectively and of protecting the environment.

Very high marks must also be given to the tremendous achievements of the hundreds of thousands of our citizens for their economic mass initiative in our towns and villages to beautify the areas where they live. They help carry out the many different tasks of our economic plans to enhance our work and living conditions. Much has been done to increase the effectiveness of health resorts and the attractiveness of resort areas, particularly those in the vicinity of industrial regions and big cities. This is also part of the accomplishments our workers were able to report to the 35th anniversary of our socialist workers-and-peasants state.

[Question] Air and water pollution don't stop at the border, and they require mutual harmonization and coordination. What are your views on international cooperation?

[Answer] The GDR government supports international cooperation and practices it. Its firm basis is cooperation with the USSR and other socialist states in line with the CEMA program to protect nature. Here they are working together on complex subject areas. The June 1984, Moscow, meeting of CEMA country leaders declared the efficient utilization and the protection of the environment to be one of the main areas of scientific-technical cooperation until the year 2,000.

Good Cooperation with East and West

For instance, with the USSR we are closely cooperating in developing processes and installations for the effective cleansing of waste waters, in producing natural water and in purifying drinking water, and in designing new

measurement techniques. With the CSSR and the People's Republic of Poland, it is a matter of keeping the waterways at the borders clean and of many environmental protection measures, especially in the area along the borders between our brother states.

In line with the final statement of the Helsinki Conference on Security and Cooperation, we are also cooperating with capitalist states, such as Sweden, Finland, Austria, Norway and Denmark, based on the principles of peaceful coexistence. Recently, we have also made progress in our relations in the area of environmental protection with the FRG and West Berlin. The GDR is actively working on putting into effect the Convention to Protect the Marine Environment of the Baltic Sea Region and the European Economic Commission's Convention on Far-reaching Transborder Air Pollutants and has also contributed to the success of the Multilateral Environment Conference held in Munich in June of this year.

Pershings Are Threat to Mankind and Environment

We can make the statement that, for international cooperation, which is a prerequisite to environmental protection, there is no reasonable alternative to the policy of peaceful coexistence.

[Question] One can probably say that the very basis of any environmental protection policy is to maintain peace.

[Answer] Yes, this interrelationship must be emphasized again and again. Environmental policy in the interest of all peoples is incompatible with the arms race that is being pushed by the most aggressive circles in the United States and other NATO countries, with the policy of confrontation and rearmament, the deployment of Pershing-IIs and cruise missiles in West European countries and the militarization of space. They represent by far the biggest dangers to mankind and our natural environment. They are vastly more dangerous than anything else known so far to our forests, oceans, waterways, soil, plant and animal life and the atmosphere. The result of the inconceivably high arms expenditures in the United States and other NATO countries results in a hitherto unheard-of waste of raw materials, ruthless exploitation of natural resources, more harm to the natural environment, devastation of forests and of entire natural landscapes. They also prevent international agreements on environmental protection from being put into effect. And yet, only a fraction of the funds spent from huge armament budgets would be sufficient to start them.

Those who Want to Preserve Nature Must Fight for Peace

For all of these reasons, it is necessary to stop the armament spiral, and every effort must be made to prevent a nuclear inferno, to avert a nuclear catastrophe, to abandon the arms race, to limit rearmament while maintaining the military-strategic balance at an increasingly lower level, and to return to a policy of relaxation.

I have to say this: Everybody who is committed to protect and preserve the life of mankind and nature must make every effort today to put into effect

the proposals the USSR and the members of the socialist community submitted in Prague and Moscow in order to ensure and preserve peace and to return to a policy of peaceful cooperation among nations with different social structures on the basis of peaceful coexistence.

[LEIPZIGER VOLKSZEITUNG] Thank you for this interview.

7821

CSO: 2300/254

GERMAN DEMOCRATIC REPUBLIC

EFFORTS CONTINUED TO RECLAIM LAND FOR AGRICULTURAL USE

Miners, Farmers Reclaim Land

Leipzig LEIPZIGER VOLKSZEITUNG in German 15 Nov 84 p 1

[Text] Last Wednesday, the District Council invited cooperative farmers, miners, and leading officials of state organizations and scientific institutions to the House of Culture at Deutzen to attend the first reclamation and recultivation conference of the district of Leipzig. In an introductory speech, Lothar Poppe, deputy chairman of the council and chairman of the District Planning Commission, talked about how, as part of the coal and energy program, reclaimed areas must be recultivated without delay and restored to high-quality soil for a big production of plants.

In the presence of Gerhard Ehrlich, secretary of the SED district administration, and Saarfried Thiele, first secretary of the SED district administration Borna, Lothar Poppe outlined the tasks of the mining companies, the recultivation ZBE [interplant facility] Borna and the plant production LPG [agricultural producer cooperative]. "The soil, as the farmer's principal means of production, is the greatest wealth of society," he emphasized, "and reclamation and recultivation are, therefore, a high social responsibility." In recent years, it was increasingly possible to have miners and farmers resolve this task together, he noted. Although land is at times not in use, the farmers must meet their responsibility, through well-planned and steadily expanding production, to supply the population with food, and industry with raw materials, from their own production, he stated.

Comments made at the discussion also expressed the belief that, the more successful we are in reclaiming acreage previously used for mining, the better are the prospects of meeting these economic obligations. It is inseparable from the use of land for agricultural purposes to create a meaningful environment by planting trees, creating woods and recreation areas in the proximity of Leipzig.

The experiences gained from miners and farmers working together in the Borna area, the competition to develop high-quality reclaimed land, the work to produce high yields, and constant efforts to turn the land fertile are also of importance to the Leipzig and Delitsch districts and for their success in meeting their planned targets in raising crops and animals.

Chemical Waste Dumps Reclaimed

Dresden SAECHSISCHE ZEITUNG in German 31 Aug 84 p 5

[Article by M. Guenther]

[Text] Experts at the Buna chemical combine have outmaneuvered nature. Waste dumps, where plant growth seemed impossible in the past, are now turning green. This result attracted the attention of other experts in the field. As early as 1976, employees of the environmental protection division began intensive research to gradually reclaim the 300 hectare waste dump and to use it for future cultural affairs in the region. The combine's main waste products had been deposited on this industrial waste dump unless they could be used as secondary raw materials. They were primarily brown coal filter ash and carbide hydrated lime. The ash embankments presented hardly any difficulty. They became green as the dump kept growing. However, there were problems with the basin areas that were closed down because their tremendously high alkali content--many thousand times more than that of natural lime soil--made any plant growth there impossible. The possibility of adding a layer of top soil or similar substances existed, of course, but proved to be completely uneconomical. Hence, the Buna researchers decided to reclaim the dump by converting the carbide hydrated lime, which poisons plant growth, into calcium carbonate.

Nature itself was assisting them, since the surface of the dump substratum interreacts with the air's carbon dioxide. Unfortunately, this natural chemical process takes decades. The scientists accelerated it by aerating the top layers by working them intensively. As a result, a layer of soil developed within 3-5 years whose pH value made it possible to undertake the next step and sow the first grass. The grass was expected to lower the alkalinity further by, on the one hand, eliminating carbon dioxide when the roots were breathing and, on the other hand, by forming carbon dioxide when the organic substances decomposed. Alkali-compatible plants with shallow roots, such as white mustard, oil radishes, weidel grass, and yarrow are particularly suitable for this biological phase. After about a year and a half, a tight turf with a strong mass of roots had formed. It was turned under to provide still better growth possibilities by sowing another crop of grass. Chemists, biologists and agricultural engineers participated in this project.

Reclaiming the dump basin is part of the plan to surround the Buna combine with a green area. Thus, work started in 1977 on a green belt around the dump, which also included uncultivated land from the neighboring villages of Buendorf and Knapendorf. Meanwhile, several kinds of game have settled here. The entire parent plant was given a green belt as well. It incorporates the Schkopau castle grounds with its 60 different types of trees. Beyond that, a water area of about 20 hectares was included in these efforts to surround the factory with green. It was a former gravel pit where anglers are already catching their fish and swimmers are enjoying themselves. In this part of Hohenweiden, the caring hand of the experts who are working

enthusiastically with the organizations in that region, is clearly visible. Only recently, members of the KDT [chamber of technology] working group "Agriculture and Forestry" from 25 GDR combines and institutions visited Buna to familiarize themselves with the results of reclaiming so far 62 hectares.

7821

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GERMAN DEMOCRATIC REPUBLIC

FROST HINDERS TRANSPORTATION, ENERGY; INCREASED WORKER RESPONSE

Rail, Highway Maintenance

East Berlin BAUERN-ECHO in German 9 Jan 85 p 2

[Article: "Assembly in Snow and Ice According to Plan; Party Colleagues Support Winter Service/Mercury Fell Variously in the CDR"]

[Text] Eisenhuettenstadt (ADN). By dispatching daily over 1000 railroad cars loaded with ore, pig iron, metal sheets and strips as well as construction materials, the railroad workers of the East Metallurgical Combine (EKO) of Eisenhuettenstadt are assuring continued production in the GDR center of metallurgy even in present meteorological conditions. The railroad workers are staying on the job around the clock to keep the 200 kilometers of tracks passable. They effect by rail 95 percent of the shipments needed by EKO.

Neubrandenburg. The working people are continuing to perform their jobs at all the assembly sites of the housing construction combine of Neubrandenburg despite the present freezing temperatures. Only briefly did the snow and ice cause delays in the construction process, and these were remedied quickly. "We had made preparations for winter work as required, so that there are now no hitches in construction," said production manager Helmut Koeckert.

Karl-Marx-Stadt. Despite prevailing weather conditions, the working people of the hard-rock plant in Oelsnitz/Vogtland and of the state enterprise in Karl-Marx-Stadt that produces supplementary materials are making and loading macadam, crushed stone, sand and limestone and other construction materials for their clients in all parts of the republic. They primarily supply slab-producing enterprises and large construction sites. Many of the employees are working in the quarries and sand pits in three shifts.

Bautzen. The agricultural producer cooperative (P) of Groeditz is making 10 workers available for winter service on the basis of a local agreement. As colleague Georg Tschemmer, the mayor of Groeditz, told us, the peasants of the cooperatives are keeping about 80 kilometers of roads in the communal association passable.

Hildburghausen. In general, peasants of the cooperatives from the agricultural producer cooperatives of the kreis as well as working people from the agrochemical center are active in winter service. Peasants of the agricultural cooperative (P) of Streutdorf, of the cooperative (P) of Heldburg and of the cooperative

(T) of Beinerstadt are proving themselves as driver-mechanics in the forest in repairing the windfall damage caused in November of last year.

Neyhaus. The peasants of the agricultural cooperative (P) of Oberweissbach are demonstrating a sense of responsibility in keeping the roads free of snow. They are seeing to it that the network of roads in the Oberweissbach and Schmiedefeld areas remains open to traffic. At the same time they are keeping the access roads to the silos passable.

Tuesday's weather in the GDR was characterized by continuing freezing temperatures. But the mercury fell quite differently in various places. While the Baltic coast recorded temperatures between -3 and -6 degrees, the thermometers in Suhl bezirk were all the way down to -20 degrees. The lowest temperature so far this winter was measured in Cottbus bezirk--27 degrees below zero. In the morning it was -10 in Berlin.

It snowed again in some sections of the GDR. Here and there in the eastern part of Rostock bezirk, the depth of the snow reached 60 centimeters because of 27 centimeters of new snow. It snowed especially hard in Ruegen, Stralsund and Greifswald kreises. In Teterow and Ueckermuende in Neubrandenburg bezirk, the snow cover became 46 and 40 centimeters deep respectively. There was a slight whirlwind of flakes in Meiningen and in Aschersleben, Naumburg and Zeitz kreises.

Boxberg Power Outage

East Berlin BAUERN-ECHO in German 9 Jan 85 p 2

[Article: "Temporary Outage in Boxberg; Production Losses in Many Enterprises"]

[Text] During the night from Monday to Tuesday, there was a partial breakdown in the generation of electricity in the large power station in Boxberg due to hitches in coal deliveries. Thus, a rather high number of enterprises were for a while without the necessary electrical energy. There were losses in production. The working people of the power station in Boxberg, supported by the working people of other enterprises, member of the People's Police and the National People's Army, are doing their best to restore the ability of the station to generate at full capacity again (as soon as possible). Tuesday afternoon already saw improvements in the energy supply situation for a number of enterprises.

Productivity Maintained Despite Frost

Frankfurt FRANKFURTER ALLGEMEINE ZEITUNG in German 21 Jan 85 p 4

[Article by Hans Herbert Goetz: "'Battles' Day and Night on the 'Brown Coal Fronts' of the GDR; Soldiers and Administrative Personnel Combat Frost / Report of Central Statistical Office"]

[Text] Berlin, 20 January. The daily news from the brown coal surface mines in the GDR papers reads like "reports from the front". "Battles" are being "fought"

day and night to promptly deliver the quantities of brown coal vital to the industry of the GDR. Defense Minister and Army General Hoffmann and his two deputies, Colonel Generals Kessler and Stechbarth, have visited the second largest of the GDR's 32 brown coal surface mines--Nochten in Lusatia. The functioning of the large power station in Boxberg and of the central gas combine "Black Pump" depends on the amounts extracted in Nochten. The "Black Pump" converts 200,000 tons of raw brown coal into coke, briquettes, gas and chemical products every day. Over 19,000 soldiers and specialists of the National People's Army, the police as well as students from the mining academy and administrative personnel are busy with shovels, hooks and heating systems loosening and moving the tracks that had become stuck due to the freezing temperatures. In the surface mine in Goitsche alone, there are 150 kilometers of tracks that need to be moved; the switches have to be kept clear at all times.

For the time being, energy supplies can be regarded as reliable, but some industrial enterprises wait until the peak-use hours of the morning have passed before they begin to fully operate their most energy-intensive machines. The GDR papers report a fire in the large chemical combine in Leuna; this fire was successfully extinguished in an hour, but as a result of the damage done to a hydrogen pipe, the neighboring factory at Buna temporarily had to close down part of its production facilities. "Battles" are "taking place" to keep the Baltic ports open with the help of icebreakers.

Furthermore, the weekend papers contain the annual main report of the Central Statistical Office of the GDR on the results of 1984. The GDR achieved its highest absolute growth rate in a single year, having increased its "produced national income"--which is not the equivalent of the "gross national product"--by 5.5 percent (plus 11.7 billion marks) as opposed to 4.4 percent in 1982. Since agriculture and housing construction also broke old "records", 1984 is labeled the "most successful year in the history of the GDR so far". The figures on births, however, are not part of the "arsenal of records", for the number of births declined from 233,756 in 1983 and 240,102 in 1982 to 288,012.

These figures are probably reliable, while other results arrived at by GDR statisticians are difficult or impossible to verify. The GDR leadership appears to be satisfied with the performance of the country's industrial combines. In the areas covered by the industry ministries, net output rose by 8.5 percent (6.6 percent), labor productivity by 7.7 percent (5.8 percent). The figures that reveal the standard of living of the population are lower. Real income allegedly rose by 4 percent compared to 2.3 percent in the previous year. Retail trade turnover increased by 4.1 percent, but price rises may partly account for this development. Realistic price statistics are not published in the GDR. The net earning of the population are presumably going up due to the modest increases in pensions--3.9 percent as opposed to 2.3 percent in 1983.

The achievements in housing construction were improved upon again; while it is true that the number of new apartments fell slightly from 122,636 to 121,654, a total of 85,380 apartments were modernized compared to 74,585 in 1983, in accordance with the new emphasis in construction policy. Records were set in

agriculture, partly as a result of favorable weather. The number of tons of grain harvested was 11.5 million, which means a yield of 45 quintals per hectare, which is a comparatively good result; even more important are the higher yields of hoed crops--239 quintals of potatoes per hectare, which is one of the best results since the end of the war--and 321 quintals of sugar beets.

However, these results are still far below those of the Federal Republic. The higher farm prices, which went into effect on 1 January 1984 and some of which rose sharply, are called a successful measure.

Considering the vigorous efforts of the industrial combines to modernize their plants, it seems astonishing that the amount reportedly invested for this purpose--56 billion--was 2 billion below the figure for 1983. The results in the field of foreign trade are meager. Foreign trade turnover--a meaningless quantity, since distinctions are made between imports and exports, between exports to the East and to the West--went up 8 percent, whereas the figure for 1983 was 12 percent. The increases in trade with Eastern bloc countries are lower than in the previous year: 9 percent down from 12 percent in the case of the socialist states, 10 percent down from 16 percent in the case of the Soviet Union. In trade with the West, the GDR records a rise in foreign trade turnover of 6 percent, whereas in 1983 it had achieved an export increase of 11 percent. The statistical report indicates that in this year the trade balance of the GDR showed a surplus to the tune of 6.4 billion "currency marks". Since the "currency mark" is an accounting unit that is determined almost arbitrarily, this figure computed by the statisticians has little meaning.

Lignite Deliveries Obstructed

Frankfurt FRANKFURTER ALLGEMEINE ZEITUNG in German 10 Jan 85 p 7

[Article: "Freeze Paralyzes Coal Mining in the GDR; Power Outages in Industrial Plants / Pack-ice on Berlin Lakes"]

[Text] Berlin, 9 January. The severe freeze and the snowfall have, as has happened in previous years, hurt the economy of the GDR. In the overseas port of Rostock, for example, there have been problems due to drifting ice. Even more serious are the difficulties encountered in the generation of electricity.

Temperatures in the most important brown coal mining area--Cottbus--have plummeted to 27 degrees below zero in the last few days. Despite all the precautions taken at the lignite surface mines, the railroad tracks are freezing over and coal extraction is being hampered. The central organ of the SED--NEUES DEUTSCHLAND--reported that there had been a partial breakdown in the generation of electricity at the large power station in Boxberg because of problems in delivering coal. For a time, a rather high number of industrial plants could not be supplied with the necessary energy. Employees of the enterprises in question, the People's Police and the National People's Army, wrote NEUES DEUTSCHLAND, succeeded in stabilizing the supply of energy to a number of plants.

In the area around Berlin, one of the GDR's important industrial centers, several icebreakers are attempting to keep the lakes and canals open. The lignite from Senftenberg/Cottbus is taken to the port of Koenigswusterhausen and then transferred to barges. Navigation on the "coal line" through the lakes and canals to Berlin must remain possible at all cost. The pack-ice on some lakes is already 22 centimeters thick. Navigation on all other waterways of the GDR had to be stopped, but, states the central organ of the SED, "An unceasing battle is being fought on the Berlin coal line."

Police, Soldiers Lend Support

Frankfurt FRANKFURTER ALLGEMEINE ZEITUNG in German 12 Jan 85 p 7

[Article: "GDR Uses Soldiers and Policemen in Surface Mining"]

[Text] Berlin, 11 January (DPA). Thousands of members of the National People's Army, the People's Police and the stand-by police are being used in the lignite surface mines and the power stations of the GDR to ensure supplies of coal and energy during the persisting cold. The party paper NEUES DEUTSCHLAND reported on Friday that soldiers and policemen were aiding workers, among other things, in warming and chopping up frozen brown coal supplies. They were operating the transportation systems in the mines or were unloading coal trains. Frozen coal that had stuck to the walls of freight trains was being blown out of the cars by hot air produced by systems that had been removed from jet airplanes. Periods of severe freezing always cause problems for the power industry of the GDR, since the power stations are fired primarily with lignite, whose extraction in surface mines is especially dependent on the weather. According to reports from various power stations, the generation of electricity has been stabilized through the use of extra help from the armed units. This permits the conclusion that in the last few days there have been rather grave problems in some parts of the GDR in providing the necessary energy. The population and the industrial plants have been urged to conserve fuel and energy.

Army Assists Energy Sector

East Berlin BAUERN-ECHO in German 14 Jan 85 p 2

[Article: "Service to Ensure 'Flow of Energy'; Members of National People's Army Working Side by Side with Energy Workers and Miners"]

[Text] Graefenhainichen (ADN). These days and nights the workers, masters and engineers of the power stations of Lippendorf, Vockerode and Zschornowitz have been working together with their numerous helpers. According to state enterprise power station Elbe manager Franz Grossmann, soldiers of the National People's Army have been giving the power station invaluable assistance together with working people from industrial and agricultural enterprises.

At below-zero temperatures such as the ones recorded these days, the raw coal mostly freezes to the walls of the railroad cars. "Besides the thawing shed, the jet spray system has been a lot of help," said Walter Huensche, who is doing the job of shift foreman in the bunker. He pointed out that formerly

up to 100 extra workers per shift were needed in similar conditions to perform the strenuous physical work of unloading the coal trains. Thanks to modern technology, 15 people--among them army members--are doing the job.

Since the beginning of the year, the collectives of the three power stations have been producing electrical energy and heat, to a certain extent over and above the plan. Every day at times of peak use, up to 1500 megawatts are transferred to the link-up network of the GDR. Also, heat is supplied to more than 15,000 apartments in Dessau as well as to the adjacent plant conservatory with its 24-hectare growing area.

Delitzsch. Since the week-end, soldiers of the National People's Army have been "mining temporaries" in surface mining in Delitzsch Southwest. Surface mining supervisor Rolf Schlag briefs the soldiers and the noncommissioned officers as to their job, "We extracted about 6,500 tons of coal over and above the plan in the first 10 days of the year. We must keep up this pace. It is our contribution to supplying the chemical combines of Leuna, Buna, and Bitterfeld and the power station at Vockerode," says the veteran miner, who has been at home with coal for over 30 years.

The members of the National People's Army are also supporting the coal-mining operations with heavy bulldozers. The 1200 surface miners are being aided by students of the Academy of Mining Science in Freiberg and working people from Erfurt bezirk.

Last year the labor force of Delitzsch Southwest had loyally met the quota set by the state and exceeded the plan by extracting an additional 1.1 million tons of raw lignite. The clients are not only the large chemical enterprises but also the bezirks of Rostock, Neubrandenburg and Erfurt. This year the plan provides for the production of 8.8 million tons. The collectives have already obligated themselves to surpassing the plan by half a million. Delitzsch Southwest is considered to be a medium-size surface mine and is part of the lignite combine of Bitterfeld. This combine will produce close to 38 percent of the 298 million tons of raw lignite of the GDR output planned for 1985.

Goerlitz. It was with the words "Good luck" that noncommissioned officer Raik Schulze, a trained machinist who had worked in potash mining, greeted shift master Siegfried Zuschke on Saturday at the latter's paddle-wheel dredger in the surface mine at Berzdorf. "I used to work below; this here is something else," said Schulze. Soldiers have been supporting the miners since the week-end to ensure continued deliveries of coal to the three neighboring power stations named "Friendship of the Peoples" in Hagenwerder and to the power station at Hirschfelde.

Many people are helping the miners to maintain the 28-kilometer conveyor system. In the waste-distributing equipment area, soldiers eliminated the "abraded particles" that had stuck to the machinery. Masons, painters, lathe operators, roofers, installation technicians in uniform formed a work gang.

PHOTO CAPTION

In the large surface mine at Greifenhain, which is part of the lignite combine of Senftenberg, the miners together with members of the National People's Army and other helpers are paying special attention to the ability to function properly of the 14-kilometer conveyor belt systems that move coal.

9873

CSO: 2300/266

PROVINCIAL PLANTS RESENT SUBORDINATION TO HEADQUARTERS

Budapest FIGYELO in Hungarian 10 Jan 85 p 4

[Article: "Facing Each Other--Mothers and Stepchildren"]

[Text] The patience of the leaders of industrial plants is nearing its end. More and more frequently are they raising their voices against the vilification of their work and of their co-workers. The relationship between the industrial plants and the headquarters has come to a turning point, because by now the factory units of the countryside have gradually become so strong that the role they play in production can give quite a weight to their opinions. A significant number of the leaders of the 4,579 industrial plants stands in argument with the seven hundred enterprise headquarters, because they consider it unjust that a decade and a half after the reform of the economic mechanism they are managed mostly through the instructions in the plan, that the headquarters--at least some of them--do now show an interest in their specialized knowledge, that they are trusted only very slightly, that the annual wage-level difference between the enterprise headquarters and the countryside industrial plants is--according to a survey by the Sociological Institute of the MTA--14,000 forints and finally, that the per-capita welfare and social benefits are in the countryside not even half of what they are in the mother enterprise.

There is nothing unpredictable in the metamorphosis of the relationship--which has existed for the past few decades between the industrial plants and their headquarters. At the time when the counties were luring industry, in two-thirds of the immediate surroundings of the industrial plants having their headquarters in Budapest the specialty taken there possessed vitually no tradition at all. It cannot simply be considered disloyalty that people, after they learned to make shoes, to weave, to handle a lathe, to manufacture eyeglasses, and so forth, are demanding recognition of their skills.

Are There no Experts?

The dialogue between the countryside people and those in Budapest sometimes degenerates into argument and, since the democratic forums are hardly suitable

for bridging the conflicts that are the direct consequences of the desire to become independent, passions sometimes (or not even only sometimes) become venomous. In Szabolcs county, for example, the leaders of the county do not demand the separation of the industrial plants from headquarters. All they are consistently voicing is that the factory units and the industrial plants should receive independence commensurate with their tasks.

The fact is that the majority of the factory units has passed the stage in which it would still need the midwifery of the mother enterprise, because it could take care of its tasks on its own, in fact, better than within the present framework of management. In Szabolcs county there are also quite a few factories for which the present form of organization is already an obstacle to development, to more efficient production.

The fear of the headquarters that the majority of the countryside factory units desires total independence is unfounded. As the example of Szabolcs county shows, two years ago the leaders of the county deemed only two enterprises fit to operate independently. Two out of the seventy-two industrial plants. In the case of the others, they would have liked to win only greater but not complete independence from the enterprise headquarters.

One of the arguments of the headquarters is that in the countryside plants there are not enough experts for independent operation. In general it is very difficult to prove who is right. But even so if a shoe factory, like for example the Alföldi, finds a little troop, young designers of good taste, then it can conquer the market within a few years. Many experts are not needed, only good ones. And in the past years it has been characteristic not only for the theaters that young, ambitious professionals sought and found farther from the capital city much better conditions for their professional fulfillment than they could expect to find in the headquarters. In the great office buildings "interior movement" is much more cautious than around a countryside leader blessed with initiative.

The first time when the fate of the "colonies" occupied me, several people in the Ministry for Industry "patted" me on the shoulder, figuratively, of course, saying: things are not quite as bad as all that, the countryside plants would be unable to step up without losses upon a however small rung of the ladder leading to independence. And the country right now is unable to withstand these losses, so we must wait a little.

In the System of Instructions from the Plan

But in the places where people would like to become independent, they do not desire a freer economy because they would like to "produce" losses. The manager of one of the countryside factory units says: "For years we have been consciously preparing for becoming independent. (They "lured" engineers into the enterprise, they announced scholarships for middle and high-school students.) We calculated that with becoming independent the profits of the factory would increase by several tens of millions."

I did not check the calculation, could not check it... But it is certain that if these profits have their origin only in what, after becoming independent, cannot be taken away from the countryside plant by the headquarters, then they are too little for salvation.

The managers of the majority of the countryside factory units claim to be hit not only by the removal of profits, which is independent even of the will of the enterprise headquarters and which has a levelling effect, but also by the losses originating in the obsolescence of enterprise direction and management. The tasks of the factory units are, in many cases, even now prescribed in natural quantitative indices by the headquarters to the countryside plants, where the people most of the time cannot even know their profitability and how they could increase it, since most of the information is not in their possession.

Seventeen years after introducing the 1968 economic reform, for a significant part of industrial production, one could say, for the sphere within the enterprise, the way of thinking announced in the reform is not characteristic. And since the industrial plants can allocate resources only within very narrow limits they cannot even fully utilize the intellectual capacity which is there.

At times the relationship between the factory units and their headquarters is tense to the point of almost snapping. Four years ago, at the opening session of Parliament, this fact was mentioned by representative Miklos Biro, the manager of the Mateszalka factory of the MOM, and he brought it up again last year, again in Parliament. The first time his claim was answered by the minister of finances, the second time by the minister of justice. He surely became uncertain about who this topic actually belonged to. He has never found out. More precisely, he knows by now that, while honoring enterprise independence, the ministry of industry "feels the weight of the problem."

Money Back!

But is it possible to create an external condition in which it is more practical for the headquarters to somewhat increase the independence of its factory units? Up to now this has not been characteristic. To choose an example again from Szabolcs county, in 1982 the Ministry of Industry found a 24.6 percent difference in wages between the enterprise headquarters and the countryside plants. Even after all kinds of corrections, the examining committee of the ministry found a six percent unfounded difference in wages in 1982. The difference, however, grew another 3.6 percentage points in one year. That is to say, the situation continued to become worse, in spite of the fact that, in the meantime, the ministry of industry instructed the enterprises to stop the unfounded differences in wages.

One can say to this that work force is cheaper in some areas than in others. The countryside people argue, however, that this may be temporarily true,

but as long as in Budapest in many factories it is impossible to solve the problem of not having enough workers, even by offering very high wages, one of the consequences of keeping the wages artificially low in the countryside can be that there will not be enough workers there, either.

The opposition between the settlements, the factory units, the factories and the enterprise headquarters cannot be characterized merely by economic indices. (In place, of course, where this is characteristic.) In many cases the calculations will show that increasing the independence of the factory unit at least to a small extent would mean no loss at all. Note would have to be taken, of course, of the fact that two decades have passed since the great era of settling the industry, and that since that time countryside industry has grown strong also, and that at the head of the settlements, in the positions of local economy, of product and manufacturing development there are people able to do more than merely carry out direct orders. It insults the self-respect of more and more factory unit managers and their fellow workers that their creativity, knowledge and abilities are not even given attention.

That, however, which the countryside people do not appreciate, is a peculiar manifestation of today's social system of values. The fact is that, greater social prestige is enjoyed by that factory--which thus can also receive numerous advantages--which employs more workers, has great production value, exports more, and so forth. That is, profitability is not the primary criterion in the evaluation of enterprises. It is therefore not a sufficiently strong argument, not even for getting partial independence, if the managers of the factory units merely speak of increasing profitability. Today for example the export of the affiliated enterprises is not counted as part of the export of the mother enterprise.

That is to say that not all conditions exist yet for relationships having an economic character to have considerations of an economic character to be the decisive ones. Modernization of regulations can, however, facilitate the success of sober considerations. Just a single example: in general, independence is sought after by those factory units which have received much money in the past years for investment--of course, from the development funds concentrated in the headquarters. It can therefore be understood if the headquarters would now like to receive back with interest, the capital invested earlier. But for the time being it has not yet been determined how enterprises are supposed to settle accounts with each other if they have already become partially or fully independent.

And this was only an example for why opposition between some factory units and headquarters is real today. The fact that they are opposing each other can, of course, be considered to be a characteristic trait of the era of transition, but even so, the resolution of opposites may be urgent.

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CSO: 2500/227

HUNGARY

PROVISIONS OF 1985 STATE BUDGET DISCUSSED

Budapest HETI VILAGGAZDASAG in Hungarian No 1, 5 Jan 85 pp 35-36

/Interview with Mihaly Kupa (K.M.), Deputy Chief of the Department of Economics and Budget of the Ministry of Finance by Agnes Tibor from HETI VILAGGAZDASAG (HVG): "The Largest Common Denominator"/

/Text/ On 19 December 1984, the parliament discussed and unanimously adopted the proposed budget for 1985. How is such a proposal prepared, what considerations are the bases for decisions on the proportions of revenue and spending, will the distribution function of the budget change in the future? We talked about these questions with Mihaly Kupa (43 years old), deputy chief of the Department of Economics and Budget at the Ministry of Finance.

/HVG/ Some mystery surrounds the budget in Hungary. True, twice a year we encounter some magic numbers--in summer, when the final balance for the previous year is prepared and around this time in winter, when the new budget is passed by the parliament. However, it is hard to visualize the hospitals, school-rooms, not to mention enterprise subsidies, behind these numbers. Yet people are interested in what happens to their money. Is this secretiveness intentional?

/K.M./ I do not think there is any secret here. Most revenue expenditure items appear in notices and--after the fiscal year is closed--in the Statistical Yearbook. Interested specialists can have access to the detailed data in departmental libraries. There are only a few "protected" items, those whose publication would be against state interests. In my view, nothing stands in the way of the press if it wants to quote budget items more frequently, although I am aware that some departments guard them more than it is necessary. By the way, I agree that people are more and more interested in the fate of their money. I am convinced that they will be even more interested from 1986 on, when--as expected--they will contribute a larger amount to the development of their immediate surroundings than at present. I believe that the budgets of the local councils will receive the greatest part of the increased interest; if the councils wish to count on the population's money, they will have to discuss their plans in a wider circle than they are doing now.

/HVG/ Let us stay with the state budget. In principle, it is the right of the parliament to adopt or to reject the following year's budget. In practice, it is hard to believe that substantive decisions are made at this level, because representatives have to say aye or nay on the basis of a not very detailed version. Hence, who decides what amounts will be withdrawn from where, and who and on what basis will receive money from the available resources?

/K.M./ The size of revenues and expenditures are mostly defined by the tax system and the rate of economic development. I shall give an example. If the proportion of pension plan payments relative to earnings is given, then the budget revenues from pension-plan payment will change from one year to the next only to the degree to which earnings and the number of active workers change. It is also quite clear from whom we can take away: By necessity, only from well-performing enterprises with greater earnings. Automatism is operating on the expenditure side also: The upper limits are defined by budget revenues from the national income and the lower limits by previously designated sums, for example, current investments and retirement payments to retirees. When the rules are unchanged, essentially these automatisms "decide" about 80 percent of the revenues and at least 60 percent of the expenditures during a year. Further amounts centralized by the budget--supports, change of rate of withdrawal, state investments, subsidy of council funds, subsidy of consumer prices--are decided through discussions of the branch sectors with each other and with the Ministry of Finance. Before it is sent up to parliament, this decision is also "hashed over" by parliamentary committees. Since last December, parliamentary role in budget decisions has increased further: From now on it will not only limit budget deficits for the year but it will also decide on the methods of covering the deficits.

/HVG/ The budget in Hungary--as one of your colleagues put it--"is present at every milestone." It exercises control over nearly 60 percent of the revenues produced and this figure has increased, rather than decreased, in recent years. Many believe that this 60 percent is unjustifiably and unnecessarily high. They say that if more would be left with the enterprises, councils or even in people's pockets, the use of money could be more rational. What is your opinion?

/K.M./ The centralized fraction could be reduced in my opinion too. In recent years we have taken steps in this direction. From year to year we are trying to reduce, for example, the supports extended to enterprises under various pretexts; however, I have to admit that this process is evolving extremely slowly, because of short-term external and internal balance considerations and because of bad conditioning. Simultaneously, we are trying to increase the freedom of enterprises to manage themselves. In the new income regulation system since 1 January, economic organizations may keep the full amount of

depreciation and the progressive profit tax--burdening wage increases--the construction tax and the investment tax are eliminated and we do not withhold development funds either.

/HVG/ However, property tax, payroll tax, earnings tax, and accumulation tax are instituted. The withholdings--in their totality--will be somewhat higher than those of last year.

/K.M./ In today's tax and income structure, the centralized proportion of income cannot be decreased substantially. When back in the fifties the relationships were established for the budget and the enterprises as well as for the budget and the population, the basic principle was that the budget must be the equilibrator in the minor markets and in minor issues. It was quite natural to extent medical care as a social benefit to the population, it was perceived to be the only way to make it available to everyone. It is part of this more or less still existing system that the population is able to finance only about 60 percent of its own consumption from its take-home pay, the hands of companies are similarly tied. The whole tax system and wage and price systems have to be changed in order to make a substantial reduction possible in the central portion.

/HVG/ You do not mean to say that this is only a technical problem?

/K.M./ Not at all. This is clearly a political problem, and as such, it requires very thorough preparation. First of all, the priorities must be defined--i.e., what economic, social policy, or other view points will head the list--then a system of conditions must be worked out in which the desired processes will take place even without direct central intervention.

/HVG/ Is it possible that we shall witness such a transformation in the coming years?

/K.M./ I do not believe we can avoid it. Through the introduction of personal income tax and the rethinking of social policy concepts we must think through the whole issue; I am convinced that around 1987-1988 we shall have to make our move.

/HVG/ The excessive influence of the budget is frequently mentioned in banking circles too. When at the end of the seventies the state budget shifted to the enterprises' part of the loan burden of state investments that had started a few years earlier, the banks were also made dependent. Financial institutions had to--and essentially even today have to--reschedule these debts, with no economic condideration. Can we expect any change in this area?

/K.M./ In the process of developing the system of economic management system the decision has been made that the banking system must gain independence from the budget. For example, in the future it will not be possible to cover budget deficits automatically by bank credit. The

efforts to make the banking system independent are shown by the fact that beginning with 1985 all financial institutions gain equal legal status and, as we know, the central bank management of financial institutions will be "started up." This, however, is only one step, there is need for many more. For example, there is a need to separate the authority--or if you like, social policy--and management functions at the State Savings Bank /OTP/. The OTP cannot pay higher interest rates on deposits, among other reasons, because it also fulfills the state's obligation of supporting home building, that is, it extends very uneconomical, low-interest-rate loans for this purpose.

/HVG/ Earlier, you mentioned budget deficits twice. How is it possible that now, when investments as well as domestic consumption are strictly limited, the balance sheet still shows a deficit?

/K.M./ The balance of the state budget has improved gradually over the last years and the budget's own tasks by themselves no longer really justify the deficit. But on the one hand, the burdens of the National Bank stemming from the earlier mentioned investments had to be alleviated by the budget, on the other hand, the domestic state debt that accumulated at the end of the seventies and in the early eighties also has to be repaid. All these together add up to a deficit. The state budget deficit is further increased by the fact that the budget was forced to hold back the forint coverage of the installment payment on convertible currency credits in order to moderate the inflationary pressure on the economy.

Revenues and Expenditures of the State Budget for the Year 1985

| | Billion forints | Percent increase relative to 1984 |
|---|--------------------|--|
| REVENUES | | |
| Enterprise payments | 404.6 | 6.6 |
| Excise and consumption taxes | 91.0 | 4.0 |
| Payments from the population | 52.1 | 16.2 |
| From budget organizations | 50.1 | 2.4 |
| From international and other sources | 10.0 | 2.2 |
| Total revenues | 607.8 | 6.5 |
| Deficit | 2.5 | 28.6 |
| EXPENDITURES | | |
| For accumulation | 58.7 | 0.5 |
| Supports and tax repayments | 141.2 | 1.8 |
| Expenditures of budget organizations | 202.0 | 9.8 |
| From this: | | |
| health and social institutions | 39.2 | 13.9 |
| educational, cultural, research and sports organizations | 64.0 | 11.8 |
| Social insurance expenses | 131.7 | 9.2 |
| Other expenses | 76.7 | 13.3 |
| Total expenditures | 610.3 | 6.2 |

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CSPL 2500/230

25 March 1985

HUNGARY

CAUTION, LOW EXPECTATIONS MARK 1985 ECONOMIC FORECAST

Budapest FIGYELO in Hungarian No 4, 24 Jan 85 pp 1-4

/Article by Dr Gyorgy Roszahegyi, "Predictions for 1985: Conserving Strength, Waiting?"/

/Text Business leaders have characterized fiscal year 1984 as a hard one. This is the finding of a research conducted by the Institute of Industrial Management* on 210 state owned companies.

Their efforts, as evidenced by the development of the sale price index, were only moderately recognized by the market. Hard currency export prices stayed depressed, or even fell. Although domestic prices increased more than in 1983, they still could not compensate for the rising cost of energy resources.

Business activities were hampered by internal difficulties of the domestic economy: weaknesses of export stimulation, particularly export to capitalist countries and its confusion; negative effects of wage and salary regulations on productivity; difficulties of material procurement; deterioration of labor force and relations between companies. These processes amplified each other's negative effects.

The majority of business leaders outlined their prospects for 1985 with great caution. Because of the almost unforeseeable nature of the new regulations, they consider 1985 as the year of gathering strength and waiting. Their forecasts mostly contain a small increase in production and sales.

Along with more moderate price increases they expect a greater boom in import and the market of means of production. Companies do not see it possible to maintain the previous year's rate of increase. An increase of 4.6 percent in the value of production (in current price) is anticipated--a 7-percent drop compared to the prognosis based on 1984 data. The indicated value increase means a stagnant volume of production. One-tenth of the examined companies figures an average of 6.6 percent decrease in production, and one-sixth expects no change. A dramatic jump of 15 percent or more is seen possible

only by one-twentieth of the companies. The differentiation of companies in 1985 is expected to be greater than before. The indices of the companies in the small domain of growth measured in value show a great spread when examining the volume of production. A fair number of companies significantly lowers its volume of output while increasing its value. At the same time numerous companies will increase their rate of production, but do not increase--or just slightly--its value.

Based on the above it seems the demand of companies will grow at a higher rate than their supply. The economic events of past years make this understandable. The necessity of replacing previously exhausted material supplies, the urgent nature of investment and development, and most of all the interests linked to increasing export make businessmen try to increase their purchases at all costs, while domestic supply barely grows and import only very slightly.

Sales to domestic markets grow by 2 to 3 percent in value. The overwhelming majority of manufacturers plans a greater or smaller price increase, so domestic sales will decrease in volume. Thus the drop in the volume of production will primarily affect the domestic market. A significant portion of companies plans to increase serial production--the number of lots--which may partially account for the deterioration of selection.

Many companies also indicate a lengthening of production time, therefore we may have to stand in line longer to buy their products. It appears that foreign markets enjoy strong priority with many companies, and the domestic market loses its importance for them. For this reason one can count on more strain in the already troublesome relations with domestic buyers.

Forecasts indicate that the group of companies catering to the domestic market will change in the coming years. Companies, previously with large shares of the domestic market, will turn to export markets, decreasing their domestic sales. The majority of the companies replacing the leaving ones is much smaller, therefore quickly rising sales cannot replace the quantity of lost products. A marked process of reorganization of companies selling to the domestic market and their products can be expected.

The companies approached expect an 11 percent rise in the value of export. One-fifth of the companies counts on dynamically increasing sales by conquering new export markets, while one-tenth considers being pushed out of the market inevitable.

Nearly one-third of the companies indicating a very high increase in the rate of export are not significant exporters: they will double or triple their very small volume of export of previous years.

This steep rise may be important for the companies themselves, but the rate of dynamically growing companies for all export activities does not exceed 2 to 3 percent. We have to treat the number values of growth with caution, because changes in and tightening of export interests are related to the rising burdens of general income adjustments, and the majority of companies does not yet have an all-encompassing picture of how its profits are linked with changes in its export activities.

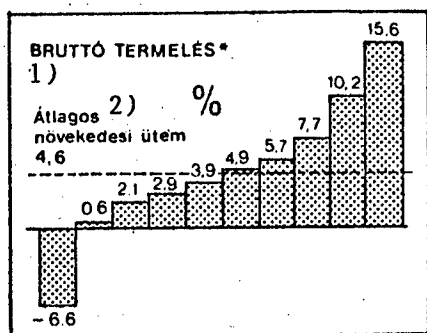
The majority of previously important exporters in the light industry makes a definite effort to decrease the size of lots and the production period, and in this way, albeit somewhat belatedly, adapt to the demands of the foreign market.

From the gathered data attention should be given to the phenomenon of companies trying to dynamically increase their hard currency exports in 1985 by making significant price sacrifices.

Answers about stocks reveal that material stocks are likely to decrease slightly, while stocks of finished goods are likely to increase.

This is how the industry leaders interviewed saw the state of the economy in October 1984.

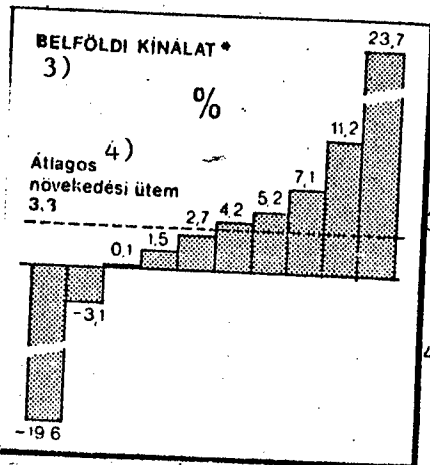
* The basis of the article was provided by the essay "Business Endeavors--Business Forecasts" by Tamas Csanyi and Peter Hann (Institute of Industrial Management, December 1984)



Gross production value, average value of growth in domestic supply and export figured in Forints

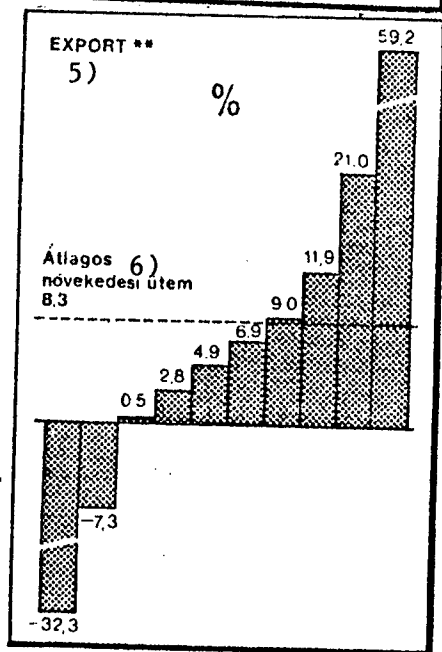
1. Gross Production

2. Average Rate of Growth



3. Domestic Supply

4. Average Rate of Growth



5. Export

6. Average Rate of Growth

* 210 vállalat 10, azonos számú csoportjában.
 ** 167 vállalat 10, azonos számú csoportjában.

* 210 companies in 10 equal numbered groups
 ** 167 companies in 10 equal numbered groups

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 CSO: 2500/247

POLAND

COMMERCIAL COUNSELLOR EVALUATES PROSPECTS FOR TRADE WITH USSR

Warsaw DZIENNIK LUDOWY in Polish 22 Jan 85 p 5

[Interview with Wieslaw Szymczak, minister plenipotentiary and Polish trade advisor in Moscow, by Eugeniusz Jablonski: "Caring About a Good Reputation"; date and place not given]

[Text] [Question] How would you evaluate Polish-Soviet trade relations for 1984?

[Answer] The year 1984 was characterized by a rather high growth in sales between Poland and the Soviet Union. According to still incomplete data, the sales amount to approximately 11 percent, including 8.6 percent for exports and 13.4 percent for imports.

[Question] It is, however, known that prices have not been standing still in foreign trade. To what extent did the rise in prices play a role in this growth?

[Answer] Of course, even price fluctuations tended to influence the growth of sales as expressed in dollars and cents. So-called price trends played a part in our computations, i.e., we would take average world prices based on the 5 preceeding years. If we take the increase in sales to be 100, then price fluctuations influenced this increase by approximately 43 percent. Additionally, the growth in sales resulted mainly from an actual increase in the mass production of goods being traded.

[Question] What else characterized last year's trade?

[Answer] Another characteristic feature of this trade was the exceeding of planned sales by almost 450 million rubles. The trade agreement called for 10.764 billion rubles in mutual sales; we, however, expected to close the year with sales greater than 11.2 billion rubles.

Perhaps the sales increase in itself is not important, but that which is behind it is. Beyond our treaty obligations, we concluded several important barter transactions, i.e., mutually balanced transactions, the result of which brought Poland 600,000 tons of wheat, 50,000 tons of rice, 200,000 tons of petroleum,

2,000 tons of tea and other commodities. We covered these purchases with deliveries of chemical, coal, cement and brown sugar products.

There is still a third aspect to last year's trade. Specifically, within the framework of an agreement on the USSR's participation in a restructuring of Poland's metallurgy industry, primarily industrial coke, additional deliveries of market items like refrigerators and heaters for meeting apartment construction requirements, cast-iron tubs, automatic washing machines, and woolen fabrics began to arrive. This credit for goods is aimed at equalizing the wage fund which is designated for the restructuring of metallurgy.

The deliveries of Soviet everyday articles, i.e., those obligated by treaty and additional ones, were significantly important for partially or completely meeting the need of Polish shoppers of such articles, or for achieving a market balance. As an example, I will add that 1984 saw us bring in from the USSR altogether approximately 400,000 refrigerators, 60,000 automatic washing machines, 1 million square meters of woolen fabrics, 3.4 million clocks, 265,000 cameras, 200,000 radios, 140,000 televisions, including 90,000 color sets, 200,000 bicycles, more than 320,000 electric razors, etc.

[Question] Beyond what you have told us, were there any greater changes in the makeup of mutual sales?

[Answer] We maintained in 1984, with regard to sales with the Soviet Union, a mutually beneficial sales and purchase structure which had been adapted to Poland's needs and accepted by our partner. Fuel, materials, and resources necessary for our national economy amounted to 73 percent of the value of all our imports from the USSR. On the other hand, the machinery and equipment sold to the Soviet Union (and we did not deprive our domestic customers of this equipment either) accounted for almost 63 percent of the exports to our eastern neighbor.

There is one more thing. Last year's imports from the USSR were again greater than our exports to that country. The difference was covered by low Soviet interest charges on the credit they extended to us. We see here genuine assistance on the part of the Soviet Union toward our country's economy and people and an understanding of our continuing difficult situation.

[Question] And how will this year's Polish-Soviet sales look?

[Answer] The trade agreement signed in December 1984 envisions sales amounting to 11.7 billion rubles. Compared to last year's amount, this is an increase of 9 percent. We expect, however, to see additional transactions concluded this year. The agreement stipulates that imports from the USSR (6.1 billion rubles) will be 0.5 million [sic] rubles greater than our exports (5.6 billion rubles). The Soviet Government has agreed to the unbalanced sales by once again granting us credits.

We will continue to maintain the existing sales structure. After all, we will bring from the USSR great quantities of resources, fuels and materials,

as well as to them primarily machinery and equipment along with our resources of coal, sulphur and copper.

A third feature of this agreement is a further growth in deliveries from the USSR of market goods: 500,000 refrigerators (or about 100,000 extra), 220,000 television sets, including 170,000 color sets (or about 80,000 more), and 130,000 automatic washing machines (or about 70,000 more than planned).

[Question] In May 1984, Konstantin Chernenko and Wojciech Jaruzelski signed in Moscow a program agreement for economic and scientific-technological cooperation between Poland and the Soviet Union to the year 2000. Were the provisions of this program reflected in this year's trade agreement? If they were not, when will they be reflected?

[Answer] The program envisions an increase in our mutual integration in many key areas of the economy, joint scientific-technological developments, the rendering of our both countries self-sufficient in several products imported from the West and other solutions. The program has been covered in detail by the agreement being implemented: who will be responsible for what and by when. A bilateral meeting was dedicated to this issue last October. The program's implementation will undoubtedly be reflected in our trade agreements in the form of increased trade relations, cooperation, etc., already at the start of the new 5-year plan.

[Question] Networks of Polish industrial plants and institutions have trade relations with the USSR. We have to increase our deliveries to the Soviet Union to balance the trade, pay off debts and earn our growing and indispensable imports. What would you want to say to the producers and suppliers of goods to the Soviet market?

[Answer] Primarily that all who play a part, from assembly-line workers to engineers and directors, have to keep in mind constantly that our Soviet buyers are making greater demands both with regard to product innovation and quality, elegance and precision working, as well as with regard to the regularity and timeliness of the deliveries. The Soviet market is the world market. Many firms from East and West have a hand in it. Competition here is sharp and the Russians really do have a choice.

Poland delivers much machinery and equipment. All of this should be able to provide service for at least 10 years. No one here would agree to install obsolete equipment for such a long time. Even the client coming into the store nowadays has become selective. The salespeople here are making sharp demands on the quality of our own industry and are increasing ever higher the criteria for market goods imported from abroad. This is an irreversible trend.

[Question] How can we manage in this ever-changing situation?

[Answer] A distinct improvement in the deliveries of lighting fixtures and computer equipment, in ship repair, and with regard to many other types of goods has occurred. However, we are regaining our former position in light

industry production only with great difficulty. Our place has been taken by others and not all factories can keep up with the times; they do not always react sufficiently quickly to the likes and dislikes of their Soviet clients. There were also a few problems with some of the products from the electro-machine industry.

I would like to repeat one more time: We have to care about the good reputation of our goods, about their high quality and reliable operation; we have to comply with the stipulations of our contracts and meet our deadlines. All of this is in Poland's vital interest. The USSR is our main trading partner. We cannot undermine the confidence of our clients in this market; conversely, we have to confirm and strengthen it daily.

[Question] How goes the construction of the new gas pipeline from the USSR to Poland, that is, the Kolbryn-Brest-Warsaw pipeline?

[Answer] A section of this pipeline is being laid in Soviet territory by the Polish firm Energopol. I am certain that the workplan and schedule will be adhered to and increased amounts of gas, greater than the 6 billion cubic meters already being piped in annually, will be pumped into Poland over the new line at the beginning of 1986. These shipments will be significantly important for our economy, especially for increased production of mineral fertilizer.

[Eugeniusz Jablonski] Thank you for the interview.

12247

CSO: 2600/615

POLAND

AGRICULTURAL POLICY ANALYZED IN ROUNDTABLE DISCUSSION

Warsaw DZIENNIK LUDOWY in Polish 21 Jan 85 pp 3, 5

[Report by Hanna Lewandowska and Hanna Rynkowska: "Agricultural Policy in Theory and in Practice"]

[Text] Four years have elapsed since the meeting of the Politburo of the PZPR Central Committee and the Presidium of the ZSL Supreme Committee at which a new agricultural policy was delineated; two years have passed since the joint plenum of the PZPR Central Committee and the ZSL Supreme Committee which was devoted to agriculture and the food economy. The time has come to make an accounting, to attempt to describe the benefits which this policy has brought, and to point out those areas in which its implementation has not brought about the anticipated results.

The following persons took part in the discussion: Prof (Dr) Jan Gorecki from the Main School of Rural Area Farming at the Agricultural Academy in Warsaw; Prof (Dr) Zdzislaw Grochowski from the Institute of Agricultural Economics and Food Economy; Prof (Dr) Ryszard Manteuffel, member of the Polish Academy of Sciences; Prof (Dr) Franciszek Tomczak from the Main School of Planning and Statistics in Warsaw; and Roman Wysocki, editor-in-chief of DZIENNIK LUDOWY.

Roman Wysocki: We meet to talk about the positives and negatives of agricultural policy. It brought legal results-- I am referring to the provision in the constitution which guarantees the permanence of peasant family farming-- and it also brought economic results in the form of good production figures in agriculture. But there are still many disturbing aspects in the countryside, to mention only the flight of the young people to the cities, the inadequacies of the transportation, educational and cultural infrastructure, and to say nothing about the lack of sufficient means of production. I believe we should return to the resolution of the joint plenum in order to become aware of the degree to which it was implemented and what still remains to be done.

Uneasiness

Franciszek Tomczak: Both documents, the 1981 declaration and the joint plenum resolution of 1983, opened up an entirely new stage in agricultural policy. It is characterized by prudence, resourcefulness and pragmatism. The decisions pertaining to the constitutional provision, the policy toward particular sectors of agriculture, the parity of incomes, prices, etc., were extremely important.

Now we should answer the question: How was this new agricultural policy accepted by the farmers and society as a whole, what are its results, and what can we expect in the future? And, I believe, many disturbing aspects are appearing which may affect this future unfavorably. This pertains above all to the extremely important question of the relationship to private farming. For 40 years now it has not been possible to obtain full acceptance of private farming in total unity with the socialist state. The issue is constantly being discussed and voices are still being heard which undercut the most important element of the new agricultural policy--the principle of the permanence of peasant family farming. I believe this is a grave danger to the policy now being implemented.

These voices are being heard even though the results of this policy, good results, are obvious. We attribute our recent good farm years to more than just favorable weather. But we fear that the attempts to deny the correctness of the policy in effect may lead to a diminution of the positive aspects which have appeared in agriculture. We should be aware of this danger so as to be able to counteract it in time. It is, by the way, surprising that there are people in Poland who did not learn very much in the last four years.

Recently I spoke at a meeting of the Food Economy Council about the social consultation which I conducted at the family table during the holidays. One of my cousins is thinking about taking over the family farm and he asked me this question: Should I take over this farm or not? He is a young man, recently married, and in making the decision he would like to be sure that he is making the right choice, and that his labor, and that of his wife, will not go for nought. After all, when he takes over the farm he will be thinking about how to enlarge it, buy a tractor, make investments... This requires an enormous amount of effort and certainty that he will be able to maintain the farm over at least a generation. And he has no 100 percent guarantee that agricultural policy won't change, despite what the constitution says. Four years is still a very short period, and in addition he may pick up the newspaper and learn that the agricultural policy has not been accepted by everyone.

The Weakest Element

There is still something else which causes a huge uneasiness. Toward the end of last year the Public Opinion Research Center conducted a poll which revealed the critical situation which has developed in the countryside. When asked whether decisions made in recent years have been favorable to the operation of one's own farm, 22.2 percent of those polled said "yes", about 36 percent said "no", and 42 percent did not express an opinion. This means that 78 percent of the farmers do not give a good grade to the policy in effect.

Why is this so? It seems to me that we perceive and evaluate agricultural policy much differently from behind our desks in the top decisionmaking centers than does the farmer in his own gmina, where his direct experiences are unfavorable. He sees no improvement in service, in availability of supplies, in the relationship of officeholders to those who have matters which need attention. On the other hand, he encounters bribery, the arrogance of those in authority, and demoralization. How, in view of this, can he express a favorable opinion on the policy in effect?

Therefore, I say that today the weakest element is the direct contact between the farmer--the owner of the farm--and all those who deal directly with him. If we are not successful in seeing to it that all those who service agriculture, who indirectly live off of it, act in the interests of the farmers and support them, then the effectiveness of our agricultural policy will be limited. This is a very grave danger which must be pointed out, because it is on the gmina level, the farmer-officeholder contact, that the decision will be made as to whether the present rate of development of agriculture will be maintained or whether it will be possible to accelerate it.

Face to Face With the Weigher

The farmer can endure a great deal. He can reconcile himself to the fact that there are not enough supplies, even that he has no tractor and that "Ursus" [Tractor Factory] raised prices 30 percent in one day. But he cannot accept the fact that at the procurement center he has to pay the weigher, the warehouseman, that in order to get the smallest matter taken care of he has to go from place to place and plead and plead. A kind of psychological barrier builds up which becomes unbearable, at least for some farmers, and especially the young who would like to farm normally. This cannot continue.

I see a large field for action here for the rural self-governments, a need to improve the functioning of the administration and the institutions, and the economic principles and economic reform. Everything that can be done must be done to keep the farmers actively producing, to increase the rate of production so that it is somewhat higher than the increase in population. This can be achieved. After all, 30 quintals of grain from one hectare is not enough. Over the next few years grain yields should exceed 35 quintals per hectare, and after that they should exceed 40 quintals.

Roman Wysocki: After what we have just heard, two thoughts occur. I am reminded of the words spoken by General Jaruzelski after publication of the report of the extraordinary commission appointed to examine the mistakes and distortions of the past. General Jaruzelski said then that the entire party apparatus should sleep with this report under its pillow. I think that maybe we are sleeping with the report under our pillows, but no one is reading it or recalling what it contains and the lessons flowing out of it.

Second, it seems to me that of those calling themselves materialists many believe that it is enough to apply the magic of words in relations with those who live in the rural areas. This magic of words has failed us in the past and is failing us now. It is said, for example, that the peasants have obtained a provision in the constitution but they do not believe in it. But actions should follow promises. Hence it seems to me that the price of 1.150 million zlotys for a Massey-Fergusson will have a negative influence on the farmers' investment and production plans.

Move Things and People

Jan Gorecki: The mistakes in the agricultural policy of the 1970's can be divided into two groups: those pertaining to economic policy and those pertaining to social policy. I believe that the value of the joint plenum's resolution rests first of all in the fact that both of these areas are interrelated, that the goal of the resolution was to move not only things but people also. And not just the people who work the farms but also those who through their activities in all kinds of institutions make it possible for agriculture to develop. The resolution contains provisions pertaining to self-government. Yet self-government--and I am speaking here of its various forms--which, as we believed, would have a large influence on a change in the atmosphere around agriculture and the institutions which service it, has no such influence. These institutions are operating as they did in the past, and relate to the farmer just as Professor Tomczak described.

Finally, in the area of social-welfare matters. It seems to me that there is still no general belief that changes in this area, and I am referring to wide-scale changes in infrastructure, beginning with the school and ending with the road, are much more important than outlays which are purely productive in nature. Yet progress in this field is absolutely inadequate in relation to expectations. We forget that these expectations are now different than they were before.

I would like to illustrate this with an example. The Food Economy Council recently had in it a group which was evaluating agricultural education and the agricultural sciences. This group concluded its work by expressing a view which the Council accepted. As regards schooling, particularly basic and intermediate, we complained that it educates people who are leaving farming not those who intend to stay in it. Many large schools were established and the teaching programs have been set up in such a way that first of all the student looks to see where his desk will be in the future so that he can sit behind it and direct, instead of working and improving his own farm. Basic two- and even three-year schools have also been organized which are typical in that they tear the young people away from the farm and train those who do not want to stay there.

None of the European countries, even the wealthiest, has such a system of agricultural education, a system of all-year, multi-year training for people entering the vocation. Family farming simply cannot afford this. We have talked about this for 20 or 30 years, without results. Yet the effect is that we have a negative selection for the vocation of farming.

Not Just Economics Is Decisive

Let us look at some other aspects. Professor Manteuffel wrote recently about the lack of intelligentsia in the rural areas. This is bad and undesirable. But my worry goes further. After all, the presence of intelligentsia in the village community was always linked with its work for this community. However, we now note that more and more the intelligentsia living in the countryside believes that it is not able to do anything for this rural area. The institutions and organizations operating in the countryside are bureaucratized and restrict all private initiative on the part of these people and paralyze their actions.

The situation is such, for example, that the intelligentsia whose children attend the village school, instead of joining the parents' committee and working to change the school for the better, look around for some place to put their children in a city school, or better yet, leave the countryside along with them.

Another matter. We know how neglected the schools in the rural areas are. Still it turns out that the bureaucratic obstacles standing in the way of allotting parcels for cooperative construction in the countryside are so enormous that the procedure goes on for years, and even then the decision is not always favorable to the cooperative members. It is disconcerting that the local authorities delay the allocation of land for several single-family homes in which teachers and other professionals with a higher education could live. I am convinced that such actions are determined not so much by objective reasons as by insensitivity stemming from a misconception of the actual needs of the countryside.

Hence it seems to me that the area of social policy, the wide-range social-welfare matters of the inhabitants of the countryside, are being neglected despite the fact that in accordance with the joint plenum's resolution they should be given special attention and protection. We talk a great deal about an improvement in the availability of means of production for agriculture although we know that the needs are not yet fully satisfied. But we should also realize that this larger flow of means of production will not give us the anticipated results if changes in the social area do not take place at the same time.

With Heart and Mind

I would still like to illustrate this thought with two examples, although it would seem that they pertain only to the economic area. The first of these concerns land management. The land in the middle of Europe, in Poland, continues to be badly managed. Studies made by Prof Anna Szemberg show that over the last 40 years the agrarian structure of our country really has not changed. This is something of a phenomenon! Yet there is a paragraph in the joint plenum resolution in which it is stated that the initiatives of the farmers on changes in the agrarian structure will be supported. But there are no economic instruments, nor a system, which would stimulate changes in this structure. I believe that the decline in interest in the land and its turnover, noted in the last two years, is a bad sign.

Another example. The Food Economy Council prepared and approved a plan on colonization. We felt that this matter was so important that in order to implement the plan we should not rely only on the limited capabilities of the particular provinces, but that a nationwide program is necessary, one that is put into effect wisely. After all, we do not wish to see the young enthusiasts suffer a defeat. That is why we envisaged that this program would be implemented with the heart and the mind. But nothing has happened. This is because we all are not really convinced that peasant farming should be expanded and that changes in this sector are inevitable.

Finally, the matter of practical work on peasant farms by students of agricultural schools and colleges has still not been settled. We have been talking about it for years but we have not worked out any system and it continues to be a case of patching and makeshift work. An institution of private farming must be established, one which would offer practical experience. But if this is to exist the atmosphere must be conducive and consistent actions must be taken, on which the authorities will not look with distrust.

I realize that the constitutional provision is something which cannot be overestimated. But people do not read the constitution every day, yet they have to deal with officials, saleswomen, bus drivers and many others all the time, and they shape their opinion on agricultural policy from these contacts.

I Am for Every Good Farm

Ryszard Manteuffel: I am for every good farm. And I agree completely that everything that is happening in private farming depends on decisions made by those who manage the farm. Because 75 percent of our arable land is used by the private sector everything depends on the motives guiding the private farmers and what decisions they make. The question therefore arises: On what do they base their decisions? I think they are based primarily on how they are treated and how they can work on their own farms. At present nothing has changed in the approach of various representatives of the local authorities, i.e., on the level of the gmina and in some of the provinces, nor has anything changed in how the farmers are treated by the socialized establishments as regards supplies and equipment.

Why is this so? Because those who function on those two levels--the gmina and in some provinces--believe that the decisions of the political and state authorities, and above all, those of the Sejm, are decisions made only for the sake of appearance. The authorities have not yet fully recovered credibility. People do not believe what the authorities are saying because the practice in the gmina, in the countryside, is different from what they are saying.

What has been said in the record and in the party and governmental decisions should be more than just an intention. It should be the practice of the authorities.

I believe that one of the main reasons for this state of affairs is that the political and economic apparatus at the gmina and province level is not taught what lies behind the intentions of the top authorities. It is taught, for example, that private farming is the beginning of capitalism, that this is something that is in conflict with socialism, etc., etc.

We are trying to explain and substantiate that political and social systems evolve, that they change, and that the situation today is different from what it was 100 or 150 years ago, that we must look at what is happening around us in other countries. Yet the local apparatus says that nothing has changed, that what is being said from "on high" is only words and that we are to do what we did before. This, unfortunately, affects our agriculture.

Aside from that, what is the criterion of good management? I believe it is net production, that is, an element of the national income. Thus a good, positive production unit is the one which maximally augments the national income. That is an objective criterion and the only one we can use as a basis for our actions. What Professor Tomczak spoke of can only occur when the farmers know that they are being evaluated on that basis and that farm production is proceeding in that direction. Because certainly nonmaterial incentives, including economic ones, can produce very important results and greatly increase farm production.

How To Maintain Parity

Zdzislaw Grochowski: I would like to concentrate on problems of an economic nature. Regarding the 11th Plenum documents which speak of ensuring lasting profitability of farm production, parity of farm-population income to nonfarm income, and correct ratios of procurement prices to prices of means of production, then insofar as conditions for profitability of farm production are concerned, there is a grave threat of danger. Up to 1981 price ratios changed in a direction which was very unfavorable to agriculture. In the two years that followed, prices of means of production rose more rapidly than procurement prices and, all in all, if we take 1980 as 100, then procurement prices of goods production dropped in relation to prices of means of production. We still lack data for 1984, but for 1983, if we take the prices of means of production as 100, procurement prices were 89 as compared with 1980, and were 80 percent in relation to prices of means of investment. Therefore, it is clear that the gap is widening to the detriment of agriculture.

This was made even worse by the fact that the last time prices were increased the growth in prices of means of production was taken into account but not the growth in prices of consumption. And generally we see a tendency to halt the growth of farm-product procurement prices because when retail prices are increased it is said that a growth of farm-product procurement prices has occurred and that a still larger increase in procurement prices will widen the inflationary gap. Except that this is a one-sided action, because this situation occurs only in agriculture. Everywhere else, prices are set very freely.

We know that in agriculture there are year-to-year fluctuations. That is why the 3-year system was adopted. In the first 3-year period parity was 100, in the next it was 103, and in 1982-1984, according to preliminary estimates, it should be 99 percent. Thus on the one hand we can say that the figures agree, but when we get to 1985 the situation changes entirely. Assuming that inflation grows about 12-13 percent and nonfarming real incomes remain at the same level, wages must also grow by the same 12-13 percent. If parity is to be average, i.e., 100, farm incomes must increase by approximately 40 percent. And this is absolutely impossible. Therefore it is not longer possible to maintain parity.

I calculated the average area of a parity farm, that is, a farm which earns the same income as one employee engaged in nonagricultural activity receives. In 1980 the average area of such a farm covered 8.4 hectares. In 1981 it

dropped to 6.3 hectares, in 1982 to 5, and this occurred as a result of a decline in outlays. In 1983 the area of such a farm grew to 6.9 hectares and in 1984, according to preliminary estimates, it grew to 8.5 hectares. Insofar as 1985 is concerned, because farm incomes may rise by 40 percent, the area of a parity farm may grow to more than 9 hectares.

Therefore we are talking about an average income and the average farm which corresponds to that income, which is 6.2 hectares. More or less two-thirds of the farms in Poland are less than 6.2 hectares, thus only one-third of the farms earn a higher-than-average income.

Jan Gorecki: From what you have just said it appears that we need a policy which will improve the agrarian structure, that is, one which will enlarge the farm and increase the number of large farms.

A Chance for the Larger Ones

Zdzislaw Grochowski: Certainly. But everything depends on how well this farm is equipped with the means of production. We are studying several thousand specialized farms whose production is several dozen percentage points higher than average, and these are farms covering from 16 to 30 hectares. They require twice as much means of production and their consumption of capital means of production is also twice as high. The high level of specialized-farm production shows that a large area is not an obstacle, that this level depends on the amounts of means of production.

The area of a parity farm should steadily grow, and if we can assume in the next 5-year plan that a parity farm will cover 7 hectares, in the year 2000 it should measure 10 hectares.

Since the joint-plenum resolution also spoke of a farm tax we must also give a good grade to what we have been able to do, i.e., we did not permit a graduated tax and we excluded market gardening from the special sections.

Talking about incomes, I would like to call attention to one more thing. In the last 4 years outlays from procurement for one hectare shrank 22 percent in the private sector, while final gross production rose 5 percent. There was also a large improvement in efficiency. Certainly the good weather in the last 2 years helped, but there was also an improvement in the farmers' management and commitment. Except that this cannot go on because a further decline in outlays would be dangerous.

The threat to farm incomes during the next few years will increase because taxes were increased this year, prices of means of production are growing, and I doubt that procurement prices, which will be raised in July, will compensate for this. After all, we are familiar with the thesis that incomes are determined by capital replacement, i.e., growth of outlays and growth of production.

Prices, Wages, Incomes and Outlays

Franciszek Tomczak: We must speak here of certain current external determining factors, particularly in connection with the present discussion on price changes. There is, understandably of course, social pressure for these price increases to be as small as possible.

This is a factor which clearly complicates the situation in agriculture, because in all discussions the fact is ignored that at the same time that procurement prices and prices of food items are regulated by the state, the incomes of the nonfarming people are growing quite rapidly. This means that prices of food items are relatively falling and that demand for food is increasing. If, at the same time, we have a tendency to limit the growth of incomes in agriculture, then in view of the prices of procurement and the additional growth of prices of means of production the economic mechanism is such that the farmers, in the face of a reduced income, have a choice: either reduce consumption or reduce outlays. This is a very real tendency because there were certain good periods and years when farmers reduced consumption so as not to lessen outlays.

Therefore I think that a separate discussion of prices, wages, prices of food and means of production, etc., leads to a situation which is very difficult for agriculture.

Zdzislaw Grochowski: I agree, and I believe that the first mistake was made in 1982 when new retail prices were set. If at that time retail prices had been fixed at a level which would have ensured profitability, without all of these subsidies, and if compensations for the increases had been increased slightly, it would be much easier now. That was not done then and that is why it is now more and more difficult to achieve price and market balance.

Franciszek Tomczak: If we now raise retail prices, even slightly, we must change procurement prices in order to maintain last year's level of incomes. If, for example, we accept the first version of the food price increases, then on 1 July procurement prices must rise, if only because the prices of means of production must be offset.

In our country we have a separate system of prices and a separate system of wages and incomes. One office fixes prices and the other prints the money.

Roman Wysocki: There is still another grave noneconomic factor which operates here--the factor of social pressure. Because of it the increases in prices of food items will be much lower than good sense would dictate. Social pressure is such that when it comes time to decide whether the first, second or third variant should be chosen, then even though the third, in my opinion, makes the most sense, probably another one will be chosen, one which will not cure the problem but will be a stopgap measure. Prices should be fixed according to economic principles, and a public consultation should be confined simply to how these price increases should be offset.

But returning, in conclusion, to the main themes of our discussion, it should be said that we will not obtain the anticipated economic results, production figures in agriculture, until first there is an understanding of the economic incentives by which we want to encourage the farmer to increase commodity production, and second the farmer is firmly convinced that truly our agricultural policy, our entire strategy of agricultural development, envisages the permanence of the family farm and opportunities for good expansion of farms in all sectors. Also, permanence does not mean the establishment of ownership relationships within the private sector or in the intersector system. It also envisages changes and progress, but changes and progress which stem from the will of the peasantry.

The peasant-farmer must feel that he is a subject, and not an object upon whom someone else's will is imposed, who is being manipulated in the name of presumably higher, presumably ideologically motivated goals.

Apropos of what Professor Manteuffel said, let me quote part of an answer that Lenin made to a certain peasant. This quote requires no comment. Lenin acknowledged that he was getting complaints from the countryside that the behavior of the local authorities was too abusive, undemocratic, and sometimes downright scandalous.

"Undoubtedly," Lenin write, "it is more difficult to extend regular control and supervision over local authorities in the countryside, that sometimes the worst elements, people who are dishonest, slip into the ranks of the communists. These kinds of people, who contrary to the laws of the soviet authority deal with the peasantry unjustly, must be fought mercilessly, they must be removed immediately and judged with full severity."

I believe, and I am not alone in my views, that if, on every administrative level, in every village, we stubbornly defend ourselves and observe the spirit and the letter of the resolutions of the joint plenum and the decisions of the Sejm on agricultural policy, then even if there are not enough means of production, and the struggle with the crisis in all sectors of the economy continues, we can obtain better results in agriculture.

As for what should be done so as to comply with these political and state decisions, a great deal has been said here today. It is true that we have said less about what has been done and more about what should be done, but that is obvious. After all, we must look toward the future and not, more than necessary, contemplate the past. Even when its optimistic aspects are concerned.

Thank you, gentlemen, for taking part in the discussion and I encourage our readers to use the columns of DZIENNIK LUDOWY to discuss the various aspects of this broad subject--the theory and practice of our agricultural policy.

9295

CSO: 2600/616

25 March 1985

ROMANIA

EFFECT OF COLD WEATHER, HEAVY SNOW ON FALL-SOWN CROPS

Bucharest SCINTEIA in Romanian 15 Feb 85 p 4

[Article by Ioana Dabu: "The Weather Forecasts Announce: Conditions Exist for a Good Agricultural Year!"]

[Excerpts] How can we explain the completely different meteorological conditions this year, everyone is asking. How can the low temperatures registered up to now be explained?

In connection with the causes of these phenomena and the future evolution of the weather, we requested information from specialists in the Institute of Meteorology and Hydrology.

According to mathematician Ion Draghici, director of the institute, during the past 100 years, there have been 15-20 winters like this one, with similar temperatures and with abundant snow.

Specialist in monthly forecasts, principal researcher Constantin Mares, in the central weather forecasting laboratory, told us that February will be colder than normal, especially in the central and northeastern parts of the country, with significant fluctuations in temperature, and the rainfall will be above normal in most of the country.

Lidia Rahau told us that the spring will be colder, with more precipitation than normal. After the melting of the layers of snow, which are still considerable, especially in the mountainous areas, it is possible the interior rivers will overflow during the month of April.

During the month of March, the volume of water on the agricultural lands is expected to total 15 billion cubic meters. In the western part of the country, in most of Transylvania, in Oltenia, in the central and northern part of Wallachia, the total amount of water accessible to the agricultural plants at their roots, will be between 1,200 and 2,000 cubic meters per hectare--30 percent more water than during the same period last year. In the interior of these zones, in certain areas, situated, in particular, in western and northern Oltenia, northwestern Wallachia, in the Somes plains and the Somes plateau, there is the possibility of excess moisture and even stagnation of water on the surface, during the month of March, at the

beginning of the spring. The lands which will be affected most are the lowlands, with poor drainage and the meadows. Therefore, starting right now, it is necessary to organize and prepare measures for the speedy evacuation of excess water before the growth of the crops resumes. Also, at the beginning of the spring, there will be some zones, smaller in area, especially in the southeastern part of the country, where there will be a lack of moisture in the soil, especially at depths greater than 50 centimeters. During the next few months it will be necessary to apply techniques for conserving and supplementing water reserves in the soil.

Another characteristic of this winter is the big difference in the depth of frost in the soil, resulting from differences in the depth of the snow layers and in the temperatures. As a result, spring will not begin at the same time throughout the country. The first signs of spring will appear in late February in the Banat, in southern Crisana, southern Oltenia, western Muntenia, and eastern Dobrogea. During the month of March, the arrival of spring will be gradually extended to the rest of the southern and western zones of the country, as well as to central and western Transylvania, where the soil has been frozen to depths of 15-25 centimeters and the layer of snow is thicker. The transition to spring will be late in occurring in zones in eastern Transylvania and central and northern Moldavia. The agro-meteorologists stress that, throughout the entire country, a characteristic of this spring will be the alternation of relatively short periods of weather favorable for working with machines in the fields and unfavorable periods.

Although in the majority of the zones, the fall-sown crops will continue to develop satisfactorily during the winter, especially because of the protection provided by the layer of snow, in the second half of February it is necessary to make an investigation on the local level to determine the density and health of the plants. Special attention should be given to the southern parts of the country where there is a crust of ice near the top of the soil. It is also necessary to thoroughly check the fall-sown crops planted in nonirrigated land in the eastern part of the country where growth is lagging because of the deep frost in the soil.

In zones where temperatures have frequently fallen below 20 degrees Centigrade it is necessary to check the buds on the fruit trees and in the vineyards, especially in the new plantings since there is a chance of damage.

The conditions are favorable for obtaining good harvests; however, they must be used completely. There must be a careful analysis of the conditions of the soil and of the plants in each growing zone, in each agricultural unit and even for each crop and the proper agrotechnical measures should be taken without delay.

CSO: 2700/119

YUGOSLAVIA

INVESTMENT TENDENCIES IN 1984

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 8 Feb 85 p 6

[Article by Ljiljana Barjaktarevic: "Upward, Yes, But Is It Realistic?"]

[Text] If one is to judge from the preliminary data which have just been reported by the Social Accounting Service of Yugoslavia, investments last year largely respected the limits permitted by economic policy on the nominal growth and the further decline in real terms (slightly less than the targets contained in the Resolution), confirming once again that the long years of oversights in this sector cannot after all be overcome in a short period of time, even though it measure out as 365 days.

Thus this year began with certain inherited corrections in the structure, especially with respect to investments in the economy as compared to the noneconomic sphere, but also with adverse tendencies which suggest new illogicalities on the part of investments under the patronage of various self-managing communities of interest and confirm that bank lendings are counted on very much indeed in this part of expenditure. Finally, when we add to that the very high commitment of the federal treasury in those goings-on, that is just enough for the first sketch of last year's investments in fixed capital, made, to be sure, on the basis of preliminary data. Although judging at least by experience one can believe them with a good measure of confidence.

Illogicalities as to Relations Between the Economy and the Noneconomic Sector

In any case, total investments in fixed capital from all sources--not counting those paid out of foreign exchange accounts within the country, nor domestic and foreign commercial credits or foreign financial credits, the investments of foreign trading partners and the like--at the end of 1984 were up 48 percent over a year earlier. Thanks above all (when we break this item down by republics and provinces) to the very lively investment activity in the economically advanced part of the country, where the first real increases were reported--a nominal increase of 67 percent in Slovenia and 60 percent in Croatia. If we leave out the Kosovo investments, which fell only a few index points short of the national average, all the underdeveloped republics were far below that level: for example, Macedonia had a rate of 20 percent and Montenegro 26 percent.

From the standpoint of this year's development one can discern an upward investment curve when we bear in mind that the overall average growth in 1984 was 48 percent, recorded thanks to additions in the last quarter, since throughout the entire previous period the increase had not exceeded 42-45 percent. This also is certainly on the line of the commitment contained in this year's economic policy, which, after a lapse of a few years is again allowing investments in fixed capital to experience even some real growth. Yet it would be very hazardous if that increase were linked up and extended to some of the investment trends last year, especially when it comes to the relations between the economy and noneconomic activities.

That is, after a lengthy period investments of organizations of associated labor in the economy and self-managing communities of interest in physical production have increased higher than the average overall growth of all investments. The fact that they were up all of 66 percent over the previous year, 1983, that is, more even than the official rate of inflation, quite certainly indicates that something good can also be anticipated on the side of invigoration of investments in the economy, although it remains a dilemma (whose resolution is not offered by the communication issued by the Social Accounting Service of Yugoslavia) as to the sectors in which and the amount by which those interests square with the commitments. It is also a good thing that within the framework of those investments there was a particular growth of investments withdrawn from the giro accounts of the organizations themselves, which, with the assistance of the work communities of the organizations of associated labor, were up all of 88 percent.

Not as Agreed

In view of the 48-percent growth achieved under the head of investments by organizations in the social services and the rest of the noneconomic sector last year as compared to a year earlier, there is not much that these investments can be reproached for except that they are a few index points higher than allowed by the commitments contained in economic policy for 1984. By contrast with them, however, self-managing communities of interest in the social services and housing, and also local communities took the leadership in the growth rate by recording a growth of 69 percent, suggesting new adversities in this sector. Especially since this increase was actually grafted on in the last quarter of 1984 (the rates were considerably lower in the earlier months), and this could logically be a suggestion as to a new trend which would not fit very well into the commitments which are quite well known at this point. It is interesting that this growth was built equally by the underdeveloped and the developed--so that after the Vojvodina increase of all of 143 percent, there comes immediately Macedonia (growth 135 percent) and Montenegro (102 percent), which makes it fairly complicated to justify such trends. After all, if the economically underdeveloped were helped by additional resources from the federal treasury which were appropriated on the basis of development of the social services in them, a dilemma still remains in the case of this item for Vojvodina. Leaving aside the fact that these trends give rise to yet another dilemma concerning the underdeveloped and the additional resources: How is it that the money is in the self-managing communities of interest rather than in the organizations in those activities themselves?

As Before, Depending on the Credit

By what is now a tradition, the banks, together with funds for development of the underdeveloped regions, were the most modest in their investment appetites, ending last year, as they began it in the first months, with a growth of investments of 13 percent. By contrast with them, as far as the data of the Social Accounting Service of Yugoslavia goes, it was sociopolitical communities which caught a true case of a mania for investment. All of 89 percent more capital was committed in 1984 than in the previous year on the basis of new investments in fixed capital from the federal budget, but that rate also included the "addition" of the work communities of bodies, agencies and organizations of sociopolitical communities. Judging by the growth of these resources in Serbia proper (an increase of 94 percent), the bulk of the money committed from the federal treasury went into it, we recall, on the basis of measures of intervention. Then come the opstinas with an investment growth of 63 percent, and judging by the sources of their financing, budgeted resources are again in the lead with an increase of 79 percent. The republics and provinces were the most modest, satisfying themselves with a growth of their investments of 47 percent.

And finally, the fact that last year once again bank lendings grew another 64 percent, building on the already immense rates from the previous period, speaks most eloquently about the quality of these new investment projects, but also about excessively high future obligations when the debts begin to come due. So, people are continuing to invest insofar as they are able to obtain expensive credits, which in the context of the feeble capacity for self-financing, especially in the case of the economy, still appear to be the only solution, if they are not the right one.

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25 March 1985

YUGOSLAVIA

INVESTMENT TRENDS SHOW RECENT RISE

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 15 Feb 85 p 5

[Article by P. Petrasinovic: "Expansion of Investments Only Toward the End of the Year"]

[Text] The 5-year declining trend of the real volume of investments in fixed capital, which began back in 1980, continued during 1984. Several indicators suggest the conclusion that the level of investment activity in 1984 was one-third below the 1980 level. Trends in the investment sector in 1984 were mainly determined by characteristics carried over from previous years, such as: the large gap between nominal and real indicators (that is, the high rate of inflation), the quite frequent changes in estimated costs and the prolongation of project completion, the low level of utilization of capacity and the persistence of an unfavorable pattern of investment projects (this especially applies to the failure to make investments in priority sectors). Large changes have taken place in the pattern of sources of financing of investments in fixed capital, especially in 1984. That is, the share of the banks in financing investment projects dropped from 51.2 percent in 1980 to 32.9 percent in 1984, while at the same time the share of the economy rose from 33.4 percent to 50.9 percent. The current decline in the real volume of investments in 1984 was influenced most of all by the restrictions on the credit financing of investment projects and the ban on certain types of investment (especially nonproduction facilities).

In 1984 investments showed an uneven pace. Up until the fall, for example, the real volume of investments showed a pronounced declining tendency at a rate of about 10 percent. However, in the fourth quarter there was a rise in the real volume of investments at a rate of about 5 percent, so that the annual real decline of investments was moderated and is estimated at 6 percent. Payments for investments in fixed capital increased especially in December. Payments on investments in December were also 80 percent larger than in the same month of 1983, and in the fourth quarter the growth of payments was 66 percent. The high level of payments in the fourth quarter helped to bring about the 48-percent growth of payments on investments for 1984 as a whole (during the year it fluctuated at a level of about 40 percent).

The high level of payments at the end of the year (especially in December) can be seen as transient since it has to do with the end of the year and

settlement of the investor's debts for work done during the year. This conclusion is also suggested by the high growth of the value of construction work in December, which was 73 percent more than for the same month in 1983. The increase in the nominal figures for investments at the end of the year was affected significantly by the rise of prices, and investors made payments so as to anticipate the new changes in estimated cost.

The present situation in the capital investment cycle is characterized by the investor's desire to complete projects begun earlier which have been prolonged several times. This has to do with the second phase in the investment cycle, in which investments in equipment have greater importance. The problem is that investment projects were not properly selected, so that we can anticipate that many newly installed capacities will be underutilized.

The burden of the drop in investments, as in the previous 4 years, so in 1984, has been borne mainly by the construction industry and the importation of equipment. The level of construction output in 1984 was down one-third from 1980, while the real volume of imports was down about three-fifths over the same time. It is anticipated that the real level of construction work in 1984 was down 8 percent, and the real volume of imports of equipment was down 20 percent. In the construction industry both capital construction and housing construction are on the decline. Housing construction is in a very pronounced crisis, since by all appearances the year 1984 will see completion of about 45,000 housing units in the socialized sector, and even the number of units under construction (about 75,000) is the lowest in the last 15 years. Of the activities which support capital investment projects, the production of domestic equipment was on the rise in 1984, increasing about 6 percent. The growth of the production of machines and equipment was made possible because of the increased demand, since this is related to the second phase in the investment cycle and there has been emphasis on substitution of imported equipment. Probably the production of machines and equipment would have been larger if there had been no problems in obtaining production supplies, parts and assemblies (especially those which are imported), which had a restrictive effect on the output of the machinebuilding industry.

Indicators of Investment Activity; growth rate, previous year = 100

| <u>Indicator</u> | <u>1981</u> | <u>1982</u> | <u>1983</u> | <u>1984</u> |
|---|-------------|-------------|-------------|-------------|
| Payments on investment projects | 17 | 26 | 15 | 48 |
| Real volume of investments | - 9 | - 6 | - 9 | - 6 |
| Real volume of construction output | - 5 | - 8 | -13 | - 8 |
| Real volume of production of machines and equipment | 5 | 2 | - 2 | 6 |
| Real volume of imports of equipment | -26 | -22 | -24 | -20 |

Source: Estimates of the Market Research Institute.

According to a survey conducted by the Market Research Institute, investment activity in 1985 will confront very complicated circumstances. Capital for investment has been restricted from several directions by the insufficient

appropriations to savings, large obligations to repay credits and meet obligations for continuation of work on projects under construction, by the more stringent conditions for credit financing, and so on. On the other hand there are increasingly pronounced demands for opening a new investment cycle in order to moderate the lag behind the development of world technology and in order to carry out restructuring in the economy in accordance with the Long-Range Stabilization Program, but also to create possibilities for opening up new jobs.

Aside from these facts, the economy is in a situation where it is underutilizing its installed capacity (it is estimated that utilization ranges about 62 percent) and where the effects of investments begun in earlier years are uncertain since they have taken too long to build. Crediting these circumstances, it is difficult to anticipate that there will be a turnaround in the investment trend in 1985. It is realistic to expect that the real volume of investments will in fact stay at the same level (it will probably drop in the first half of the year and rise only in the second half if the present pace of production is maintained).

Payments on Investment Projects by Sources

| Sources of Payments | In 1984, in mil- lions of dinars | Index Numbers, Previous year = 100 | | | | | Pattern | | | | |
|--|---|---------------------------------------|------|------|------|------|---------|------|------|------|------|
| | | 1980 | 1981 | 1982 | 1983 | 1984 | 1980 | 1981 | 1982 | 1983 | 1984 |
| Organiza- tion of associated labor in the econ- omy | 577,322 | 126 | 124 | 146 | 130 | 166 | 33.4 | 34.6 | 40.0 | 45.5 | 50.9 |
| Organiza- tion of associated labor in the non- economic sector | 123,357 | 138 | 120 | 135 | 123 | 148 | 9.6 | 9.8 | 10.4 | 11.2 | 10.9 |
| Self-manag- ing commu- nities of interest | 44,324 | 121 | 117 | 136 | 84 | 169 | 4.4 | 4.4 | 4.7 | 3.5 | 3.9 |
| Banks (in- cluding lendings) | 373,104 | 124 | 114 | 111 | 104 | 125 | 51.2 | 50.1 | 43.3 | 38.5 | 32.9 |

Table (continued)

| Sources of Payments | In 1984, in mil- lions of dinars | Index Numbers, Previous year = 100 | | | | | Pattern | | | | |
|---|---|---------------------------------------|------|------|------|------|---------|-------|-------|-------|-------|
| | | 1980 | 1981 | 1982 | 1983 | 1984 | 1980 | 1981 | 1982 | 1983 | 1984 |
| Sociopolit- ical com- munities and socio- political organiza- tions | 16,634 | 106 | 103 | 139 | 123 | 161 | 1.5 | 1.2 | 1.3 | 1.4 | 1.5 |
| Total | 134,741 | 125 | 117 | 126 | 115 | 148 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Source: SAOPSTENJE of the Social Accounting Service, No 1699, 31 January 1985. Viewed by republics and provinces, payments for investment projects were up as follows between 1983 and 1984: 37 percent in Bosnia-Herzegovina, 26 percent in Montenegro, 60 percent in Croatia, 20 percent in Macedonia, 67 percent in Slovenia, 45 percent in Serbia (Serbia proper 50 percent, SAP Kosovo 43 percent and SAP Vojvodina 34 percent).

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YUGOSLAVIA

STATUS, OUTLOOK FOR COMPUTER INDUSTRY

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 8 Feb 85 p 4

[Article by Rodoljub Zivkovic: "More Aggressively, With Our Own Knowledge"]

[Text] The experiences of Belgrade specialists in computer manufacturing will soon culminate in a single program governing the development of this industry, which is also very important for the economy as a whole. This is confirmed by the debate conducted on this topic in the city's assembly and in the economic chamber, which, it seems, is winding up. The demand has been made, that is, for the production of computers to be approached in a more organized and ambitious way. More resolution is needed here than in the past, and that is why this type of production has been suspended for more than a decade.

Judging by the participation of the "Belgrade Computer Industry" at the Exhibition of Contemporary Electronics and the Specialized Exhibition Interbiro Data Processing, which were held in October 1984, with its new computer system for counterdata processing, it is not difficult to conclude that Belgrade has decided on this technological battle, that is, the production of electronic computers on the basis of our own knowledge. It can even be said that this is a strategic task. This has also been confirmed by two discussions published toward the end of December of last year and in the first half of January 1985. At that time an examination was made as to the contribution that could be made to the conduct of economic activity at a qualitatively higher level by equipping the economy, especially large technological systems, with computer equipment and technology, and that up-to-date equipment and equipment manufactured with maximum use of the domestic potential for research and production.

"Timid" Beginnings

Belgrade experiences in the production of computers, devices without which the contemporary world cannot even be imagined, date back some 30 years. But by comparison with the advanced countries, their use in Belgrade, and indeed throughout the country, is still at the beginning. In our country computer equipment is being introduced rather "timidly" into production processes, into machines and devices, as well as in business systems, although Belgrade and Yugoslavia as a whole could take a high place on the ladder of world advances in the production and application of computer equipment.

In deciding that building a computer industry on the basis of domestic designs has strategic importance in the long-term development of the economy and science, Belgrade has actually committed itself to a reorientation in production and to structural changes in the economy. The aim is to create in this way above-average technologies, viewed both from the standpoint of a higher level of accumulation, a more significant contribution of highly specialized work, and also from the standpoint of a lower consumption of energy, raw materials and new production supplies. Better put, this commitment is aimed at creating more favorable positions for inclusion of the Belgrade economy in the Yugoslav and the international division of labor. The basis for this exists, the specialists say. For example, 50 percent of our research personnel are concentrated in Belgrade, there are numerous university institutions with a lengthy tradition, and there are also about 70 technical institutes with several thousand scientists, many of whom have proven themselves here and in the world with their results.

Shall we recall what Belgrade possesses in this sphere of production?

Specialists of the "Ivo Lola Ribar" Machinebuilding Industry, who monitor developments on the world machine market, began to introduce the production of machines run by computers several years ago. This was the fruit of its own designs, and then the experience gained in the production process also initiated establishment of the "Lola" Computer Factory. Its task is to master the manufacturing of industrial devices in metal manufacturing, petroleum exploitation and refining, ferrous and nonferrous metallurgy, mining, food production and processing, the timber and textile industries, transportation, water management and industrial transport. The factory even has a laboratory for computers and artificial intelligence in which 35 young specialists are researching the development of industrial computers for technical systems, computer control of machines and robots, energy electronics and application of special devices. Plans for this year called for offering 16 models of new or improved types of aids and to manufacture 3,000 computers.

The Style of Operation Is Changing

The "Boris Kidric" Institute, the Institute for Applied Physics, the Belgrade Factory of Electronic Industry of Nis and the "Mihajlo Pupin" Institute also have important experience in this sphere of production. General-purpose, one-of-a-kind and small-run electronic computers have been developed on the most up-to-date professional basis over 20 years of work at "Pupin" precisely in order to keep up with advances in the world. For example, the program TIM is well known; it was developed by the joint efforts of the organizations making up the Belgrade Computer Industry (BRI): the "Computer Equipment" OOUR [Basic Organization of Associated Labor] ("Mihajlo Pupin" Institute); the "Energodata" Work Organization (a member of the SOUR [Complex Organization of Associated Labor] "Energoprojekt"), the "Data Processing" OOUR of the "Interkomerc" Work Organization and the "Nikola Tesla" OOUR of Belgrade (SOUR Electronics Industry of Nis).

The development of computer production, viewed as a whole, has so far been characterized by the absence of a long-range program. Only last year was the

linkage among domestic organizations in the electronics and computer industry improved, and that in the area of business, in order to improve their common competitiveness on the domestic and foreign markets. The "Electronic Systems" Community for Collaboration in Business and Planning was established in Belgrade. This initiative has in fact taken on broader dimensions, and in June 1984 an agreement was signed in the Economic Chamber of Yugoslavia on domestic and foreign representation of a consortium representing the largest organizations in the Yugoslav electronics industry. Thus the business group EKIPE [TEAM] was formed; its members are "Energoinvest" of Sarajevo, "Rade Koncar" of Zagreb, "Iskra" of Ljubljana, "Mihajlo Pupin" of Belgrade and Electronic Industry of Nis.

Judging by the undertakings that have been realized, it can be said that the domestic manufacturers have understood that only through a concerted effort can they offer better conditions in the keen competition with world firms. But one also gets the impression that what has already been done prefigures the beginning of a new offensive on the part of the domestic computer industry. However, the question remains whether establishment of ties in business operation and development is altering the previous style of operation and giving rise to a new approach in programmed support to the development of the Yugoslav computer industry. One would say that passing grades cannot yet be given on this count. As far as we know, for example, there still is no agreement on the division of labor, programs and coordinated development on a single technological foundation which would make larger production runs possible and would also make the necessary investments more profitable.

Without a Development Strategy

Organizations in Serbia have taken a particularly long time to reach agreement on development of computer equipment. Joint representation, at least at present, remains unsuccessful. In the Economic Chamber of Serbia a working group was formed in September 1984 with the task of proposing a strategy for development of computer equipment in Serbia. October was the period of time for it to do this, and at the end of 1984 the agreement was to be prepared on division of labor, specialization and industrial cooperation. But that kind of agreement is still not on the horizon, and there are differing orientations. There are even those who feel that the knowledge of Belgrade specialists in the production of computers could actually become the backbone for development of this activity. It is true that the potential of scientific research and other development organizations in Belgrade offer the necessary preconditions for development of computer manufacturing. Nevertheless, further development also necessitates a much greater business collaboration and technical collaboration among all the interested organizations, mutual adjustment of production programs, the pooling of labor and capital, and a number of other joint activities.

Certainly opening up the domestic computer industry will not altogether do away with the need to import certain basic components, computer assemblies or quite large computers which are not manufactured within the country. It would therefore be quite worthwhile to get beyond the meeting by phases (first of all within the republic framework) and to undertake the drafting of a single

Yugoslav concept and strategy of development. Otherwise, of course, Yugoslav computer manufacturers cannot even anticipate any notable success on the world market. Unification is therefore both strength and necessity. It would also be worthwhile to find a good trading partner--in actuality a manufacturer who, using the favorable features of the new legislation on foreign investments in domestic organizations of associated labor, would open a plant in Belgrade for production of components embodying the most up-to-date technology. This would also be the way of reducing imports and raising employment, and there would be an opportunity to test the model of industrial production that is organized in a modern way and is technologically progressive.

Aside from the efforts of the economy, of course, other conditions also need to be created which will be more stimulating, rather than opting for restrictiveness, as has been the case up to now. That is, there is a need to conduct both a social and a political effort to encourage the development and production of computers and programmed products and the related activities. Improving the position of these economic branches in primary and secondary distribution by finding additional resources for financing, through a more appropriate tariff policy and other available measures embodying the system would certainly contribute to more successful performance of the tasks of economic stabilization.

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YUGOSLAVIA

DATA ON WORKERS IN INVESTMENT PROJECTS ABROAD

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 13 Feb 85 p 3

[Text] Markedly keener international competition, especially from a number of developing countries which have a large manpower potential (India, Pakistan, Bangladesh, South Korea, China), is having a decisive impact on the rate at which new jobs are being created for Yugoslav workers on capital investment projects abroad. In earlier years the number of workers employed was influenced more by the value of the work for which we obtained contracts and the work we performed, but the situation changed abruptly in 1983 and especially last year.

Another reason why this has happened is that the inclusion of cheaper manpower and fewer operatives from Yugoslavia as the contractor's country of origin has become a real condition for getting jobs, especially on the markets of the developing countries. Especially since the remuneration of Yugoslav workers for these jobs, which is unrealistically high, has directly diminished the competitiveness of our construction industry when it comes up against foreign firms, especially multinational companies which recruit workers from the countries mentioned. But certainly there have also been and there are other adverse factors affecting the employment of Yugoslavs on projects abroad, such as the stipulation of the host countries where the work is done that their manpower, of which there is usually an abundance, be employed (they even stipulate the percentage of these workers in the total number of operatives on construction sites).

Work Only for Specialists

In an average recent year between 25,000 and 35,000 workers have been employed on programs abroad. This is between 4 and 5 percent of the total labor force in the construction industry (not including the building materials industry).

So, in spite of the need to employ more manpower because of the slack conditions on the domestic market, results have mainly not been forthcoming. It is noted that it is more and more difficult to employ workers with elementary schooling and then semiskilled and unskilled workers abroad.

The pattern of the personnel employed on projects outside the country shows that 62 percent of all operatives are highly skilled and skilled production

workers. Aside from them, the semiskilled and unskilled workers represent another 16-17 percent of those employed, which means that four-fifths of all the operatives (or 23,500) are a direct function of the production operation.

In the case of the production workers we should continue to anticipate in the future greater and greater difficulties in employing semiskilled and unskilled operatives.

Only Specialists Are Really Needed

If the present room for employing Yugoslav workers in carrying out construction or design programs abroad is to be increased or maintained as realistically as possible, especially in the context of a certain slowing down of new contracts and the performance of these projects and also the fairly long-term effect of adverse factors on the world market, special measures and activities will have to be undertaken. First of all, the amounts of payments (compensation) to workers employed under these programs will have to be cut back further in a realistic way. More consideration must be paid here to relations between the pay between our workers and the workers hired by foreign firms rather than to relations between domestic payments and payments to workers abroad, since the possibility cannot be precluded that if there is a large difference in these payments favoring Yugoslav workers, contractors will be employed from those countries which offer cheap manpower.

On projects which are not obtained through international invitations for bids, but by direct negotiation or in some other manner, it is indispensable to include workers of the broadest possible specialization. Also, wherever possible, successive employment of several operatives from Yugoslavia for a shorter period of time should be insisted on (instead of a worker remaining 3 or 4 years, the time of his employment abroad would be limited to 1-2 years), which would after a fashion make it possible for more workers to offset their depressed earnings in the country with larger earnings abroad.

All of this needs to be undertaken at a faster pace in order to halt the slide of the new hiring abroad and at least to some extent to reduce the pressure of unproductive employment on projects within the country through this form of activity.

Pattern of Workers Employed on Capital Investment Projects Abroad (According to a Survey of the Market Research Institute)

| <u>Specialized Training</u> | <u>Percentage of Workers Accord- ing to Survey</u> | <u>Number of Persons Employed*</u> |
|---|--|--|
| Senior postsecondary | 4.8 | 1,428 |
| Junior postsecondary | 1.8 | 536 |
| Secondary | 11.3 | 3,362 |
| Elementary | 0.8 | 238 |
| Miscellaneous administrative (nonproduction) personnel | 2.4 | 714 |
| Highly skilled workers | 22.4 | 6,664 |

Table (continued)

| <u>Specialized Training</u> | <u>Percentage of Workers Accord- ing to Survey</u> | <u>Number Persons Employed*</u> |
|-----------------------------|--|---|
| Skilled workers | 40.2 | 11,960 |
| Semiskilled workers | 12.8 | 3,808 |
| Unskilled workers | 3.5 | 1,042 |
| Total | 100.0 | 29,752 |

* Arrived at on the basis of the average number of workers in the 1984 season.

Change in the Average Number of Yugoslavs Employed on Capital Investment Projects Abroad Over the Period 1974-1983 and in January-June 1984

| <u>Year</u> | <u>Average Total Number of Workers Employed in Construction</u> | <u>Average Number of Workers on Construction Sites Abroad</u> | <u>Share of Workers Employed Abroad in Total Number, %</u> |
|----------------|---|---|--|
| 1974 | 443,800 | 22,004 | 5.0 |
| 1975 | 478,800 | 19,022 | 4.0 |
| 1976 | 500,200 | 19,656 | 3.9 |
| 1977 | 531,400 | 19,225 | 3.6 |
| 1978 | 567,200 | 21,412 | 3.8 |
| 1979 | 602,000 | 20,519 | 3.4 |
| 1980 | 621,900 | 23,153 | 3.7 |
| 1981 | 622,400 | 25,628 | 4.1 |
| 1982 | 611,600 | 31,195 | 5.1 |
| 1983 | 599,300 | 29,752 | 4.9 |
| 1984 (Jan-Jun) | 590,400 | 26,976 | 4.6 |

| <u>Year</u> | <u>Index Number of Workers Employed on Construction Sites Abroad 1974 = 100</u> | <u>Average Number of Persons From Construction Organizations Employed on Jobs Abroad</u> | <u>Average Number of Employees of Design Organizations Working on Projects Abroad</u> |
|----------------|---|--|---|
| 1974 | 135 | 21,788 | 216 |
| 1975 | 117 | 18,688 | 334 |
| 1976 | 121 | 19,373 | 283 |
| 1977 | 118 | 18,963 | 262 |
| 1978 | 132 | 21,254 | 273 |
| 1979 | 126 | 20,254 | 265 |
| 1980 | 142 | 22,973 | 180 |
| 1981 | 158 | 25,289 | 339 |
| 1982 | 192 | 30,645 | 550 |
| 1983 | 183 | 29,240 | 512 |
| 1984 (Jan-Jun) | 166 | 26,280 | 696 |

Source: INDEKS of the Federal Bureau of Statistics.

YUGOSLAVIA

ECONOMIST ZUPANOV DISCUSSES STANDARD OF LIVING

Belgrade INTERVJU in Serbo-Croatian 4 Jan 85 pp 12-14

[Article by Josip Zupanov, professor: "The Populace Is Shaking, the Government Is Stable"]

[Text] Until a few months ago one of the favorite questions which ambitious newsmen put to our officials was: How is it that in spite of the significant drop in the standard of living, the high rate of inflation and the high rate of unemployment we do not have social upheavals? This topic has also been treated quite a bit in the foreign press, which has even christened this phenomenon as a "Yugoslav specialty." We are publishing an article by Dr Josip Zupanov, professor, who examines in his own way the roots of this seemingly contradictory phenomenon.

Miracles do not happen in economics and in society. Nevertheless, we do refer metaphorically to certain amazing events in economic and social life as miracles. Thus in the fifties people talked about the German economic miracle, today they speak of the Japanese miracle. Along those lines there is every reason for referring to the improbable stability of Yugoslav society in the context of the acute economic crisis as a miracle.

Where Are the Limits of Patience?

Even though real personal incomes have been dropping precipitously for the fifth year now, there is no mass protest in society: strikes are an almost marginal quantity in terms of the number of economic organizations involved, the number of strikers and their duration; there are no public demonstrations or similar expressions of protest. What is more, the necessary minimum of political participation of individual citizens has been provided for: the immense majority of voters do vote in elections, they respond to the subscription of loans, to votes on contributions and other similar actions. In short, one might well speak of a "Yugoslav miracle."

This "miracle" raises several questions for us. First of all, in terms of what factors can the "miracle" be explained--what factors lie behind it? Second, where are the limits of the patience of Job shown by the workers, where

is the limit on the fall of income and the standard of living beyond which we should expect an outburst of dissatisfaction? Sometimes that question is even put by political officials, who, amazed at the patience ("consciousness") of the workers, conclude that those limits have already been reached, and the task as they see it is to halt that drop in the standard of living. That problem has been posed for economic policy for 2 years now, but the standard of living has continued to drop--and nothing has been happening. Does that mean that the drop in the standard of living can go on indefinitely--that there is no limit at all? Or do the limits after all exist--but if they exist, then where are they?

The simplest explanation is offered us by the officially accepted thesis which has been persistently pursued down through all these years of crisis: namely, that real income has actually been falling, but consumption and the standard of living has been falling considerably less than that--in other words, that the drop in real income has been more or less "successfully" offset by other forms of income outside regular working hours and regular employment. And that observation usually concludes with an appeal for a crusade against that income derived "outside of work," or under the banner of the anti-inflation program or the fight against social inequities. There are several forms of that income "not derived from work," but one of the most important is the "informal" or "gray economy."

Although this thesis is methodologically questionable--there is suspicion that the same quantities are being counted twice--it still cannot be denied that the income coming from the "gray economy" is performing a significant role in stabilizing the standard of living and consumption. The trouble is that that portion of family income cannot be quantified. Polls are one source of data on that type of income, but polls are unreliable for those figures. A table on the proportional breakdown of monthly money income shows everything that is included in the monthly income of the Yugoslav households surveyed.

Proportional Breakdown of Monthly Money Income of Households by Sources of Income, in percentage

| | |
|---|----|
| Personal income from regular employment | 79 |
| Other income from regular employment | 36 |
| Hot meal compensation, gratis or reduced-rate | 35 |
| Compensation for transportation or transportation organized through the work organization | 18 |
| Other | 1 |
| Income from supplemental (additional work) not related to the regular employment | 6 |
| Income from private sale of farm products | 22 |
| Income from property (renting out a dwelling, leasing land, etc.) | 2 |
| Family supplements | 5 |
| Scholarships | 1 |
| Pensions | 1 |
| Social welfare | 1 |
| Remittances from abroad | 1 |
| Help from relatives/parents living in the country | 3 |
| Other | 1 |

Theft Is Also a Source of Income

It follows from this table that only 6 percent of the households surveyed have income from supplemental work apart from regular employment, an estimate that is certainly too low. Nor have other surveys provided a realistic picture--the percentage of those declaring that they are doing supplemental work usually does not exceed 30 percent. For example, in a poll of young workers in Croatia 33 percent of blue-collar workers (17 percent of young white-collar workers) declared that they spent a certain number of hours a day on additional work (work paid by the job, work under the table, work on their own farm). Only 25 percent of the blue-collar workers (35 percent of the white-collar workers) said that they were not involved in that kind of work. But 46 percent of the blue-collar workers (47 percent of the white-collar workers) did not answer that question. It is not possible to ascertain how many of those 46 percent of "uncommitted" are actually working outside their regular employment.

It is still more difficult to establish certain other sources of income: for example, the transfer of social resources into the private standard of living through theft. Aside from the numerous scandals in the annals of crime, we also have indication that theft is rather widespread in one of the rare empirical studies of theft done by Milos Vejnovic: "Theft as a Form of Protest" (unpublished manuscript). In an anonymous poll conducted in five work organizations in Osijek these were the responses to the question: Estimate how much theft, if any, there is in your collective?--a great deal of theft (20 percent), moderate amount of theft (38 percent), little theft (42 percent), and no theft at all (0.7 percent).

There are no methods for establishing how much that appropriation of finished products, parts, materials and services means in the family budget. But even these amounts partly offset the blows which inflation is inflicting on real personal income.

Nevertheless, in spite of the unquestioned operation of these socially unacknowledged stabilizers of the family budget, consumption and the standard of living are recording a large drop.

We see from the figures that there has been an appreciable drop not only in the consumption of alcoholic beverages and coffee, visits to the barber (hairdresser), and in expenditures for culture and entertainment, but also in the consumption of all types of meat (especially dried and smoked meats--but fresh meat as well), and there has even been a drop in the consumption of such vitally important articles as milk and vegetable oil. For example, 78 percent of the households say that their purchasing power has dropped since 1983 (86 percent compared to the earlier period).

People Live in the Dark and in Icy Rooms in Order To Save Money

A third of the households polled felt that their income was not sufficient to cover minimum needs, and only one-tenth of the households did not have to cut back on consumption in order to bring expenditures into line with income.

One household in every 10 is living below the minimum, and 1 out of every 4 at the minimum level. One out of every 5 is living better than the minimum, but still below the "normal" standard of living. So, more than half of the households are living below the "normal" standard of living. The "normal" standard of living is enjoyed by only two-fifths, while only 4 percent enjoy a standard higher than the "normal." It makes no sense whatsoever to cry out about consumption in that kind of situation.

These figures undoubtedly indicate that in spite of the operation of all the "informal" stabilizers, consumption and the standard of living have fallen into the low branches. Whereas 3 or 4 years ago those stabilizers (especially the "gray economy") could essentially moderate the drop in consumption and the standard of living, they obviously are no longer able to do so today. How are our respondents reacting to that kind of erosion of consumption and the standard of living? Mainly with further cutbacks of consumption, as our table shows.

Economy Measures Which the Households Are Practicing or Intend To Practice, in percentage

| <u>Measures</u> | <u>Practicing or Intending to Practice in 1984</u> | <u>Practiced in 1983</u> |
|---|--|------------------------------|
| Reduction of expenditures for the regular diet in the household | 30 | 17 |
| Reduction of expenditures for overhead (less heating, saving on electric power, etc.) | 49 | 40 |
| Reduced expenditures for beverages and tobacco | 29 | 19 |
| Reduction of expenditures (fewer purchases) of clothing and footwear | 51 | 35 |
| Curtailed use of the automobile | 28 | 22 |
| Reduction of expenditures for education (fewer purchases of books, giving up the study of foreign languages, etc.) | 10 | 7 |
| Reduction of expenditures for culture and entertainment (purchase of newspapers and magazines, fewer tickets to the movies and the theater, to athletic events, etc.) | 23 | 14 |
| Reduced number of excursions and trips | 29 | 22 |
| Other | 4 | 3 |
| No measures being practiced | 19 | |
| No measures have been practiced | <u>0</u> | <u>27</u> |
| | 100 | 100 |

Source: Omnibus poll of the Market Research Institute-CEMA [expansion unknown], July 1984.

Whereas in 1983 27 percent of the households were not taking measures to cut back on family consumption, the number of these "fortunate ones" dropped to 19 percent in 1984. In first place are economy measures having to do with the purchase of clothing and footwear, since this expenditure can be postponed by lowering the standard of clothing and footwear, but reduction of overhead expenses is in second place, and that means living in rooms that are dim and chilly. Food is in third place and pertains to nearly a third of the respondents. It is especially disturbing that the "economy" measures also include expenditures for education, which were already extremely low. In short, "economy" measures are mercilessly cutting away all types of expenditures, among them those we would not believe could be reduced (utilities).

It follows that consumption and the standard of living are showing a miraculous elasticity and an unlimited adaptability to the drop in income. How are we to account for this seemingly unlimited adaptability to the drop in real income?

This adaptability is characteristic of a scarcity society in which misery and poverty are taken as destiny for a majority of people. The hypothesis might therefore be framed that the older generations who remember the war and scarcity in the first 15 postwar years have psychologically never gotten out of the scarcity society, that for them the "consumer society" was only a passing interval. They preserved the experience of adapting to misery and trouble, so that even now they adapt to the drop in real income without very many difficulties and without rebellion. But such a hypothesis would not be valid for the younger generations born since 1955, for whom relative abundance and prosperity are the normal state of affairs. Nevertheless, even those younger age groups are behaving mainly the same as the older ones and are not showing an inclination to rebel. Thus one piece of research done into the position and culture of young workers in Croatia shows that there is no motivation to strike among young workers.

Ranking of Values--Human Rights

The figures in the table show what percentage of the respondents indicated that the right in question is one of the three most vitally important human rights. As we see, less than 1 percent feel that the right to strike is an essential human right. But only 2.4 percent feel the right to organize in a trade union (to organize independent trade unions) a vitally important human right. Consequently, it is obvious that there is no motivation to strike among the young workers surveyed, and that means that there is no resistance to the eating away of the standard of living.

Rights Which Are the Most Essential to Human Existence (in percentage)

| | |
|--|------|
| Right to equality | 70.5 |
| Right to work | 44.3 |
| Right to defend the homeland | 29.6 |
| Right to freedom of thought and conscience | 28.6 |
| Right to freedom of movement within the country and abroad | 16.7 |
| Right to education | 15.8 |

Table (continued)

| | |
|--|------|
| Right to equality between men and women | 14.0 |
| Right to housing | 13.9 |
| Right to an annual vacation | 11.8 |
| Right to resist violence (self-defense) | 10.7 |
| Right to freedom of speech and the press | 9.5 |
| Right to ethnic identity | 7.0 |
| Right to religion | 5.8 |
| Right to individual (private) property | 4.6 |
| Right to organize in a trade union | 2.4 |
| Right to strike | 0.9 |

Source: "Anketa o položaju i kulturi radničke omladine SRH" [Survey on the Position and Culture of Young Workers in the Socialist Republic of Croatia], CDD [expansion unknown], 1982.

The identical reaction of the young and older people to the situation of erosion of income by inflation suggests to us another hypothesis: that our consumer society in the sixties and seventies was more appearance than reality, that Yugoslavia actually never got both feet out of the scarcity society. The available statistics on the drop in the share of the farm population in the total population and on the adequacy of equipment of the housing stock seem to refute this hypothesis. However, a more detailed interpretation of the statistic forces us to be cautious in drawing conclusions about the arrival of the consumer society on our soil. The dizzying deagrarianization was in large part a function of the institutional insecurity of the peasant holding and the enormous attractiveness of social welfare in the socialized sector, that is, in the cities, than a function of economic development. Moreover, as far as the adequacy of equipment in dwellings, this refers in large part to the "mandatory standard," i.e., to the imposition of a high standard of housing when there is a lack of choice because of the scarcity of housing and subsidized and unrealistic housing prices. That is why today economic housing prices (at present only for utilities, not for rents) are seen to be a disastrous blow to the standard of living. Finally, we are talking about a statistical artifact: whenever the base is extremely low, even a modest growth represents a huge growth rate. We will all agree that shopping over the border (primarily Trieste, and then Graz and other towns) is a significant indicator of consumerism. It is a general impression that up until 1982 everything that could move rushed across the border to go shopping--from the well-to-do middle stratum down to the last peasant from the back of nowhere. The raising of the barrier at the border in the form of the deposit was based on that general conception. However, according to survey data of CEMA, during 1980, 1981 and 1982 only 35 percent of the households had some household member who traveled abroad. Slovenia alone conforms to the idea of the consumer society: in that republic 84 percent of the households had some member who went across the border. All the other republics lag far behind Slovenia (Croatia is closest with 44 percent, and Montenegro with 18 and Kosovo with 11 percent are furthest away).

In societies in which consumerism is established, every step backward toward the scarcity society causes strikes and social unrest (for example, in England,

Holland and Belgium). That is not the case in our country. But even a scarcity society does not guarantee social peace when the existential minimum is threatened (for example, Tunisia and Morocco). How is it that the threat to the existential minimum in Yugoslavia does not bring about social tensions and conflicts? That question might be answered by means of two hypotheses which are not mutually exclusive.

The first is the hypothesis that the situation is temporary. Yugoslavs have quite a lengthy experience with economic (administrative) cycles in which bad years are followed by good years, when the standard of living rises once again. A crisis is perceived as a kind of natural disaster which will rage and then itself disappear. One needs to be patient and wait until the bad weather is over. That is why many people have a flickering hope that in a few years we will get out of the crisis just as simply as we got into it. But as the crisis continues, that hope must necessarily grow weaker. Never to date have the "bad years" lasted so long, nor has the drop in the standard of living been this far. That is why this hypothesis is not sufficient to explain to us the social stability of Yugoslavia.

The second is the hypothesis of multiple outlets for dissatisfaction. The economic crisis and the drop in the standard of living do undoubtedly cause great dissatisfaction even in our country, but there are vents which successfully let off the steam and lower the pressure in the boiler. These are the very high rates of sick leave, substandard work, the "gray economy," the widespread theft and massive nonpayment of bills (as one aspect of the erosion of civic discipline and the legal system). These safety valves prevent an explosion, but at the price of economic efficiency, and that pushes us still deeper into the crisis.

Our Institutional System Does Not Allow Polarization

In short, an explosion presupposes a concentration of dissatisfaction and polarization of conflicting interests. The safety valves--sick leave, substandard work, the "gray economy," theft and nonpayment of bills--do not allow for concentration. Further, an explosion presupposes polarization of interests (for example, Poland in 1980, when the party and the government were on one side and the workers on the other). Our institutional system does not permit polarization--it leads to a fragmentation of interests and dispersion of dissatisfaction. It is typical of our institutional system that the dominant problems of the individual and the organization of associated labor are resolved at the level of the opstina, and at that level the institutional system is a skeleton for the development of informal networks in which family-patriarchal ties dominate in both the opstina and also in the organization of associated labor. All things, even the most trivial, are resolved at the informal level. In those dense networks of mutual exchanges and dependencies every individual, relying on the broad social welfare (the dense network of social rights), works out his own "project" of survival and life, which further strengthens the stabilizing function of the institutional system. An explosion presupposes collective action, but the institutional system not only does not allow autonomous action (it does not permit the creation of autonomous organizations for collective action), but it also diminishes readiness for

collective action (since collective action would signify disruption of one's own "project" for survival, and there are few people ready to take such a risk). By responding with repression to collective action and by tolerating individual channels for the venting of dissatisfaction, the system has been successfully suppressing the motivation for collective action. Collective action can be successful only if it is oriented toward changing the situation, but a majority of the working population does not want a change from the society of leveling and socioeconomic security which along with a minimum income guarantees them many rights--in accordance with the uncertainties of economic differentiation and a change in the criteria for evaluation implied by a market economy. The orientation toward the status quo precludes an autonomous struggle for a larger piece of bread and orients behavior toward the struggle against social inequities.

But the question goes unanswered: Can the drop in the standard of living go on ad infinitum? What will happen when (and if) the decline of income due to inflation destroys even that minimum of socioeconomic security that has so far been guaranteed, when numerous social rights are cut away? In other words, where are the limits of the decline of the standard of living, where are the limits of social stability? Only the events of the future can provide a reliable answer to that question. Surprises are possible: perhaps conflicts will break out in a different area altogether.

7045

CSO: 2800/203

YUGOSLAVIA

FEDERAL BUDGET FOR 1985

Belgrade SLUZBENI LIST SFRJ in Serbo-Croatian No 71, 31 Dec 84 pp 1606-1638

[Text] I. Summary Section

Article 1

The Federal Budget for 1985 contains the following:

- 1) the Federation's own revenues in the total amount of 404,908,600,000 dinars;
- 2) total expenditures, including the resources of the current budget reserve and the amount set aside for the permanent federal budget reserve-- in the amount of the Federation's own revenues in the amount of 609,570,200,000 dinars;
- 3) the difference between the total amount of expenditures and the total amount of the Federation's own revenues in the amount of 204,661,600,000 dinars;
- 4) the contributions of the republics and autonomous provinces--in the total amount of 204,661,600,000 dinars.

Article 2

The amount of 192,300,000 dinars is being set aside for the permanent federal budget reserve from the Federation's own revenues for 1985.

Article 3

Revenues by types, forms and subforms and expenditures by basic purposes are set forth in the following amounts in the Balance of Revenues and Expenditures of the Federal Budget for 1985:

BALANCE OF REVENUES AND EXPENDITURES OF THE FEDERAL BUDGET FOR 1985

| Classification Number | | A M O U N T | | |
|--------------------------|------------------------------|---|--------------------|-----------------|
| Reve- nue Form | Reve- nue Sub- form | I. REVENUES | Revenue Subform | Revenue Form |
| 1 | 2 | 3 | 4 | 5 |
| | | Type 03. Taxes on Product Sales and Service Charges | | |
| 03-1 | | Sales tax on products | | 233,579,600,000 |
| | 03-1-1 | Part of the basic turnover tax | 233,579,600,000 | |
| | | Total Type 03 | | 233,579,600,000 |
| | | Type 05. Fees | | |
| 05-1 | | Administrative fees | | 1,499,900,000 |
| | 05-1-3 | Consular fees | 1,190,000,000 | |
| | 05-1-2 | Customs fees | 250,000,000 | |
| | 05-1-3 | Other federal administrative fees | 59,900,000 | |
| 05-3 | | Court fees | | 100,000 |
| | | Total Type 05 | | 1,500,000,000 |
| | | Type 06. Customs Duties and Other Import Charges and Storage Charges | | |
| 06-1 | | Customs duties | | 99,339,000,000 |
| 06-2 | | Special import charges and fees | | 56,493,000,000 |
| | 06-2-2 | Special charge to equalize the tax burden on imported goods | 48,689,000,000 | |
| | 06-2-3 | Special charges for the keeping of customs records | 7,800,000,000 | |
| | 06-2-4 | Storage charges on goods stored in customs ware- houses | 4,000,000 | |
| | | Total Type 06 | | 155,832,000,000 |

Type 07. Revenues Under Specific Federal Enactments,
Revenues of Administrative Agencies and Miscellaneous Revenues

| | | |
|--------|--|----------------|
| 07-2 | Revenues of federal administrative agencies | 9,823,000,000 |
| 07-2-1 | Revenues of federal bodies, agencies and organizations | 9,823,000,000 |
| 07-4 | Miscellaneous revenues | 4,174,000,000 |
| | Total Type 07 | 13,997,000,000 |

Type 08. Revenues From Other Sociopolitical Communities

| | | |
|--------|--|-----------------|
| 08-1 | Contributions of the republics and autonomous provinces | 204,661,600,000 |
| 08-1-1 | Contribution of the Socialist Republic of Bosnia-Herzegovina | 28,286,552,000 |
| 08-1-2 | Contribution of the Socialist Republic of Macedonia | 12,066,343,000 |
| 08-1-3 | Contribution of the Socialist Republic of Slovenia | 31,000,286,000 |
| 08-1-4 | Contribution of the Socialist Republic of Serbia, not including autonomous provinces | 50,707,057,000 |
| 08-1-5 | Contribution of the Socialist Republic of Croatia | 52,961,346,000 |
| 08-1-6 | Contribution of the Socialist Republic of Montenegro | 4,321,189,000 |
| 08-1-7 | Contribution of the Socialist Autonomous Province of Vojvodina | 24,320,078,000 |
| 08-1-8 | Contribution of the Socialist Autonomous Province of Kosovo | 998,749,000 |
| | Total Type 08 | 204,661,600,000 |
| | Total revenues for distribution (Types 01 through 08) | 609,570,200,000 |

| Classification Number | | | | |
|----------------------------|------------------------------------|--|--------------------------|-----------------------|
| Distri- bution Group | Distri- bution Sub- Group | II. DISTRIBUTION OF REVENUES | A M O U N T | |
| | | | Distribution Subgroup | Distribution Group |
| 1 | 2 | | 4 | 5 |
| | | Basic Purpose 01. Funds for Operation of Adminis- trative Agencies | | |
| 01-1 | | Funds which workers real- ize as the income of the work community | | 12,546,450,000 |
| | 01-1-1 | Funds for personal incomes | 12,306,550,000 | |
| | 02-1-2 | Funds for social services | 239,900,000 | |
| 01-2 | | Funds for material costs | | 1,721,636,000 |
| 01-3 | | Funds for special purposes | | 26,455,914,000 |
| | 01-3-1 | Funds for personal incomes and other personal bene- fits of officials and delegates | 606,503,000 | |
| | 01-3-2 | Other special purposes | 11,114,464,000 | |
| | 01-3-3 | Funds for general public purposes | 14,734,947,000 | |
| 01-4 | | Noneconomic investments and equipment | | 3,566,000,000 |
| | | Total Basic Purpose 01 | | 44,290,000,000 |
| | | Basic Purpose 02. Na- tional Defense and Social Self-Protection | | |
| 02-1 | | Funds for the Yugoslav People's Army | | 391,344,000,000 |
| | 02-1-1 | Funds for the Yugoslav People's Army in the cur- rent year | 388,481,500,000 | |
| | 02-1-2 | Funds to cover expendi- tures related to the ren- dering of services for entities outside the YPA | 2,862,500,000 | |
| | | Total Basic Purpose 02 | | 391,344,000,000 |

| | | |
|--------|--|-----------------|
| | Basic Purpose 04. Funds Transferred to Other So- ciopolitical Communities | |
| 04-2 | Supplemental funds | 50,678,200,000 |
| 04-2-1 | Supplemental funds to the budget of the republics and autonomous provinces | 50,678,200,000 |
| | Total Basic Purpose 04 | 50,678,200,000 |
| | Basic Purpose 05. Obliga- tions to Finance Public Services | |
| 05-9 | For old-age and disability insurance | 88,796,500,000 |
| 05-11 | For welfare of disabled veterans | 18,110,600,000 |
| | Total Basic Purpose 05 | 106,907,100,000 |
| | Basic Purpose 06. Other General Public Purposes | |
| 06-2 | Sociopolitical organi- zations | 1,311,800,000 |
| 06-11 | Compensation to the Social Accounting Service | 282,000,000 |
| 06-12 | Miscellaneous | 8,600,000,000 |
| | Total Basic Purpose 06 | 10,193,800,000 |
| | Basic Purpose 07. Federal Reserve Funds | |
| 07-1 | Appropriation to the per- manent budget reserve | 192,300,000 |
| 07-2 | Current budget reserve | 220,000,000 |
| | Total Basic Purpose 07 | 412,300,000 |
| | Basic Purpose 08. Funds Placed in Time Deposits and Set Aside, Obliga- tions and Other Purposes of Interest to the Fed- eration | |
| 08-4 | Obligations under credits | 5,744,800,000 |

| | | |
|--------|---|-----------------|
| 08-4-2 | Long-term obligations from past years | 5,744,800,000 |
| | Total Basic Purpose 08 | 5,744,800,000 |
| | Total revenues distributed and undistributed | 609,570,200,000 |

II. Detailed Section

Article 4

Expenditures in the amount of 609,570,200,000 dinars, as indicated by basic purposes in the Balance of Revenues and Expenditures of the Federal Budget for 1985, shall be distributed among entities disbursing and using the appropriations and by detailed purposes as indicated in the detailed section of the Federal Budget for 1985.

| Item no | Distri- bution Group and Sub- group | Basic and Detailed Purpose | AMOUNT | |
|------------|---|----------------------------|--------|---------------|
| | | | Item | Basic Purpose |
| 1 | 2 | 3 | 4 | 5 |

Section 1. State Presidency of the Socialist Federal Republic of Yugoslavia

Title 1. State Presidency

Basic Purpose 01--Funds for Operation of Administrative Agencies

| | | | |
|---|--------|---|-------------|
| 1 | 01-1-1 | Funds for personal incomes of personnel | 119,600,000 |
| 2 | 01-2 | Funds for material costs | 1,350,000 |
| 3 | 01-3-1 | Funds for personal incomes and other personal benefits of officials | 18,300,000 |

| | | | |
|--|--------|--|-------------|
| 4 | 01-3-2 | Compensation for separation from family | 1,056,000 |
| 5 | 01-3-2 | Traveling expenses | 1,950,000 |
| 6 | 01-3-2 | Office supplies | 4,200,000 |
| 7 | 01-3-2 | postage-telegraph and telephone service | 1,560,000 |
| 8 | 01-3-2 | Entertainment | 840,000 |
| 9 | 01-3-2 | Trips and visits | 55,000,000 |
| 10 | 01-3-2 | Remuneration of nonstaff personnel | 66,000 |
| 11 | 01-3-2 | Subscription to official gazettes, magazines, journals and newspapers | 780,000 |
| 12 | 01-3-2 | Costs of manufacturing medals and decorations | 22,000,000 |
| 13 | 01-3-2 | Costs of services | 54,000 |
| 14 | 01-3-2 | Compensation for irregular working hours | 900,000 |
| 15 | 01-3-2 | Purchase of uniforms and work clothes | 200,000 |
| 16 | 01-3-2 | Addition to equipment, furnishings and fixtures | 5,000,000 |
| 17 | 01-3-2 | Equipping and redecorating official housing | 300,000 |
| 18 | 01-3-2 | Expenses of the Federal Council for Protection of Constitutional Order | 120,000 |
| 19 | 01-3-2 | Expenses of the National Defense Council | 108,000 |
| Total Basic Purpose 01 | | | 233,384,000 |
| Total Title 1 | | | 233,384,000 |
| Title 2. Department for Entertainment Facilities of the SFRY State Presidency | | | |
| Basic Purpose 01--Funds for Operation of Administrative Agencies | | | |
| 20 | 01-1-1 | Funds for personal incomes of personnel | 37,600,000 |
| 21 | 01-2 | Funds for material costs | 29,780,000 |
| 22 | 01-3-2 | Traveling expenses in Yugo- slavia and abroad | 96,000 |
| 23 | 01-3-2 | Addition to furnishings and fixtures | 720,000 |

| | | | |
|----|--------|--|-------------|
| 24 | 01-3-2 | Costs of maintaining structures, furnishings and fixtures | 4,080,000 |
| 25 | 01-3-2 | Personal incomes of seasonal workers | 600,000 |
| 26 | 01-3-2 | Remuneration of nonstaff personnel | 800,000 |
| 27 | 01-3-3 | Costs of maintaining and using the villas on Brioni used for entertainment | 130,000,000 |

Total Basic Purpose 01 203,676,000

Total Title 2 203,676,000

Total Section 1 (Items 1 through 27) 437,060,000

Section 2. SFRY Assembly

Basic Purpose 01--Funds for Operation of Administrative Agencies

| | | | |
|----|--------|---|-------------|
| 28 | 01-1-1 | Funds for personal incomes of personnel | 453,600,000 |
| 29 | 01-2 | Funds for material costs | 4,900,000 |
| 30 | 01-3-1 | Funds for personal incomes and other personal benefits of officials | 341,400,000 |
| 31 | 01-3-2 | Postal-telegraph and telephone services | 16,684,000 |
| 32 | 01-3-2 | Compensation for overtime | 3,500,000 |
| 33 | 01-3-2 | Remuneration of nonstaff personnel | 1,178,000 |
| 34 | 01-3-2 | Operating expenses of delegates and assembly bodies | 48,000,000 |
| 35 | 01-3-2 | Purchase of domestic and foreign books | 329,000 |
| 36 | 01-3-2 | Subscription to official gazettes, bulletins and journals and magazines | 2,100,000 |
| 37 | 01-3-2 | Publication of transcripts | 4,940,000 |
| 38 | 01-3-2 | Preparation of publications of the SFRY Assembly, information summaries, bulletins and other assembly materials | 7,800,000 |
| 39 | 01-3-2 | Expenses of parliamentary delegations | 15,840,000 |

| | | | |
|----|--------|---|------------|
| 40 | 01-3-2 | Costs of entertainment | 924,000 |
| 41 | 01-3-2 | Purchase of clothing and footwear | 1,780,000 |
| 42 | 01-3-2 | Membership dues in the Inter-parliamentary Union | 5,300,000 |
| 43 | 01-3-2 | Services rendered by others | 3,000,000 |
| 44 | 01-3-2 | Costs of maintaining the mo-to pool | 18,480,000 |
| 45 | 01-3-2 | Print shop expenses | 13,676,000 |
| 46 | 01-3-2 | Purchase of equipment and adaptation | 5,160,000 |
| 47 | 01-3-2 | Share in preservation of the main museum layout of the Museum of the First and Second Session of AVNOJ [Anti-fascist Council for the National Liberation of Yugoslavia] | 2,640,000 |
| 48 | 01-3-2 | Office supplies, minor items, paper and other expendables | 59,400,000 |
| 49 | 01-3-2 | Operating expenses of Special Commissions | 960,000 |
| 50 | 01-3-2 | Tito's Scholarship Fund for Young Workers and Workers' Children of Yugoslavia | 700,000 |
| 51 | 01-3-2 | Redecorating and furnishing housing for official use | 1,500,000 |
| 52 | 01-3-2 | Costs of holding elections and recall | 150,000 |
| 53 | 01-3-2 | Assistance to petitioners | 100,000 |
| 54 | 01-3-2 | Celebration of the 40th Anniversary of Proclamation of the Republic | 10,000,000 |

| | |
|------------------------|---------------|
| Total Basic Purpose 01 | 1,024,041,000 |
|------------------------|---------------|

| | |
|---------------------------------------|---------------|
| Total Section 2 (Items 28 through 54) | 1,024,041,000 |
|---------------------------------------|---------------|

Section 3. Council of the Federation

Basic Purpose 01--Funds for Operation of Administrative Agencies

| | | | |
|----|--------|---|------------|
| 55 | 01-1-1 | Funds for personal incomes of personnel | 40,232,000 |
| 56 | 01-2 | Funds for material costs | 750,000 |
| 57 | 01-3-1 | Funds for personal incomes | 36,841,000 |

| | | | |
|----|--------|--|-----------|
| 58 | 01-3-2 | Lump-sum payment to chauffeurs for irregular working hours | 1,198,000 |
| 59 | 01-3-2 | Postage-telegraph and telephone service | 1,100,000 |
| 60 | 01-3-2 | Traveling expenses in Yugoslavia | 350,000 |
| 61 | 01-3-2 | Traveling expenses abroad | 44,000 |
| 62 | 01-3-2 | Subscription to information materials and miscellaneous | 700,000 |
| 63 | 01-3-2 | Costs of entertainment | 50,000 |
| 64 | 01-3-2 | Purchase of clothing and footwear | 253,000 |
| 65 | 01-3-2 | Purchase of equipment | 72,000 |

| | |
|------------------------|------------|
| Total Basic Purpose 01 | 81,590,000 |
|------------------------|------------|

| | |
|---------------------------------------|------------|
| Total Section 3 (Items 55 through 65) | 81,590,000 |
|---------------------------------------|------------|

Section 4. Federal Executive Council

Title 1. Federal Executive Council

Basic Purpose 01--Funds for Operation of Administrative Agencies

| | | | |
|----|--------|---|-------------|
| 66 | 01-1-1 | Funds for personal incomes of personnel | 198,107,000 |
| 67 | 01-2 | Funds for material costs | 4,966,000 |
| 68 | 01-3-1 | Funds for personal incomes and other personal benefits of officials | 48,032,000 |
| 69 | 01-3-2 | Compensation for separation from family | 3,170,000 |
| 70 | 01-3-2 | Remuneration of nonstaff personnel | 300,000 |
| 71 | 01-3-2 | Office supplies | 324,000 |
| 72 | 01-3-2 | Subscription to newspapers, journals and magazines and other publications | 1,200,000 |
| 73 | 01-3-2 | Postage-telegraph and telephone expenses | 4,482,000 |
| 74 | 01-3-2 | Traveling and moving expenses in Yugoslavia | 5,500,000 |
| 75 | 01-3-2 | Costs of leasing compartments on the Yugoslav Railroads | 5,500,000 |
| 76 | 01-3-2 | Traveling expenses abroad | 73,000,000 |

| | | | |
|----|--------|---|-------------|
| 77 | 01-3-2 | Expendable materials and furnishings | 324,000 |
| 78 | 01-3-2 | Printing and copying of materials for meetings | 24,000,000 |
| 79 | 01-3-2 | Purchase of equipment | 19,468,000 |
| 80 | 01-3-2 | Funds for operating expenses of CEMA Commission | 6,600,000 |
| 81 | 01-3-2 | Costs of entertainment | 3,300,000 |
| 82 | 01-3-2 | Costs of international cooperation | 28,000,000 |
| 83 | 01-3-2 | Operating expenses of the Federal Legal Council | 1,218,000 |
| 84 | 01-3-2 | Operating expenses of the Federal Economic Council | 1,007,000 |
| 85 | 01-3-2 | Expenses of the support services of the Federal Executive Council | 400,000 |
| 86 | 01-3-2 | Operating expenses of the Federal Social Council for Affairs of the Social System | 4,235,000 |
| 87 | 01-3-2 | Operating expenses of the Federal Council for International Relations | 2,830,000 |
| 88 | 01-3-2 | Operating expenses of the Council for Economic Development and Economic Policy | 3,600,000 |
| 89 | 01-3-2 | Operating expenses of the Coordinating Committee for the Environments and Land Use Planning and Housing and Municipal Affairs | 4,320,000 |
| 90 | 01-3-2 | Operating expenses of the Commission of the Federal Executive Council for Relations With Religious Communities | 500,000 |
| 91 | 01-3-2 | Operating expenses of the Nuclear Energy Commission | 389,000 |
| 92 | 01-3-2 | Operating expenses of the Yugoslav Commission for Cooperation With UNESCO | 9,300,000 |
| 93 | 01-3-2 | Expenses of the Yugoslav Committee for the International Geological Correlation Program | 1,433,000 |
| 94 | 01-3-2 | Expenses of the Yugoslav Committee for the International Hydrological Program | 3,960,000 |
| 95 | 01-3-2 | Membership dues in international organizations (UNESCO) | 174,039,000 |
| 96 | 01-3-2 | Educational grants | 170,000 |

| | | | | |
|------------------------|--------|--|---------------|--|
| 97 | 01-3-2 | Redecorating and equipping official housing | 3,000,000 | |
| 98 | 01-3-2 | Operating expenses of the Yugoslav Commission for Cooperation With the United Nations International Fund for Aid to Children UNICEF) | 1,985,000 | |
| 99 | 01-3-2 | Contribution of the SFRY to UNICEF | 55,000,000 | |
| 100 | 01-3-2 | Operating expenses of the Yugoslav Commission for Cooperation With the United Nations Food and Agriculture Organization (FAO) | 2,000,000 | |
| 101 | 01-3-2 | Contribution of the SFRY to the United Nations Food and Agriculture Organization (FAO) | 253,014,000 | |
| 102 | 01-3-2 | Operating expenses of the Yugoslav Commission for Protection Against Pollution of the Sea and Inland Waterways | 200,000 | |
| 103 | 01-3-2 | Operating expenses of the Coordinating Committee for Science and Technology, Education and Culture, and Physical Education | 216,000 | |
| 104 | 01-3-2 | Operating expenses of the Yugoslav Commission for Cooperation With the World Health Organization | 144,000 | |
| 105 | 01-3-2 | Funds to Finance Scientific Research Projects and Scientific Studies | 80,000,000 | |
| 106 | 01-3-3 | Funds for operation of the Fund of Solidarity With the Nonaligned Countries and Developing Countries | 1,584,000 | |
| 107 | 01-3-3 | Funds for operation of the "Josip Broz Tito" Memorial Center | 120,000,000 | |
| 108 | 01-4 | Noneconomic investments and equipment | 3,566,000,000 | |
| Total Basic Purpose 01 | | | 4,716,817,000 | |
| Total Title 1 | | | 4,716,817,000 | |

Title 2. Protocol Department
of the Federal Executive
Council

Basic Purpose 01--Funds for
Operation of Administrative
Agencies

| | | | | |
|------------------------|--------|---|-----------|-----------|
| 109 | 01-1-1 | Funds for personal incomes of personnel | 5,215,000 | |
| 110 | 01-2 | Funds for material costs | 132,000 | |
| 111 | 01-3-2 | Costs of entertainment | 8,000 | |
| 112 | 01-3-2 | Purchase of uniforms | 24,000 | |
| Total Basic Purpose 01 | | | | 5,379,000 |
| Total Title 2 | | | | 5,379,000 |

Title 3. Department for Per-
sonnel Affairs

Basic Purpose 01--Funds for
Operation of Administrative
Agencies

| | | | | |
|------------------------|--------|---|------------|------------|
| 113 | 01-1-1 | Funds for personal incomes | 6,073,000 | |
| 114 | 01-2 | Funds for material costs | 300,000 | |
| 115 | 01-3-1 | Funds for personal incomes and other personal benefits of officials awaiting reassignment and persons with special status | 27,535,000 | |
| Total Basic Purpose 01 | | | | 33,908,000 |
| Total Title 3 | | | | 33,908,000 |

Title 4. Department of the
Federal Executive
Council for Defense
Preparations

Basic Purpose 01--Funds for
Operation of Administrative
Agencies

| | | | | |
|-----|--------|---|------------|--|
| 116 | 01-1-1 | Funds for personal incomes of personnel | 18,600,000 | |
| 117 | 01-2 | Funds for material costs | 622,000 | |
| 118 | 01-3-3 | Defense-related projects | 13,200,000 | |
| 119 | 01-3-3 | Funds being transferred for designated purposes to the Yugoslav People's Army | 41,983,000 | |

Total Basic Purpose 01 74,405,000

Total Title 4 74,405,000

Total Section 4 (Items 66 through 119) 4,830,509,000

Section 5. Constitutional
Court of Yugoslavia

Basic Purpose 01--Funds for
Operation of Administrative
Agencies

| | | | |
|-----|--------|--|------------|
| 120 | 01-1-1 | Funds for personal incomes of personnel | 32,240,000 |
| 121 | 01-2 | Funds for material costs | 3,300,000 |
| 122 | 01-3-1 | Funds for personal incomes and other personal benefits of officials | 22,475,000 |
| 123 | 01-3-2 | Compensation for separation from family | 792,000 |
| 124 | 01-3-2 | Costs of proceedings | 720,000 |
| 125 | 01-3-2 | Publication of "Decisions and Opinions of the Constitutional Court of Yugoslavia" and "Bulletin of the Constitutional Court of Yugoslavia" | 1,560,000 |
| 126 | 01-3-2 | Purchase of clothing and footwear | 30,000 |
| 127 | 01-3-2 | Purchase of and addition to equipment | 120,000 |
| 128 | 01-3-2 | Expenses of hosting delegations | 100,000 |
| 129 | 01-3-2 | Costs of entertainment | 144,000 |

Total Basic Purpose 01 61,481,000

Total Section 5 (Items 120 through 129) 61,481,000

Section 6. Federal Court

Basic Purpose 01--Funds for
Operation of Administrative
Agencies

| | | | |
|-----|--------|---|------------|
| 130 | 01-1-1 | Funds for personal incomes of personnel | 40,909,000 |
|-----|--------|---|------------|

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|--|--------|---|------------|------------|
| 131 | 01-2 | Funds for material costs | 4,420,000 | |
| 132 | 01-3-1 | Funds for personal incomes and other personal benefits of officials | 18,539,000 | |
| 133 | 01-3-2 | Compensation for separation from family | 528,000 | |
| 134 | 01-3-2 | Publication of Reports of Court Decisions | 600,000 | |
| 135 | 01-3-2 | Traveling expenses in Yugoslavia | 240,000 | |
| 136 | 01-3-2 | Traveling expenses abroad | 350,000 | |
| 137 | 01-3-2 | Translation into the languages of the nationalities and ethnic minorities | 250,000 | |
| 138 | 01-3-2 | Costs of conferences and of monitoring and studying social relations and developments | 200,000 | |
| 139 | 01-3-2 | Costs of court proceedings | 50,000 | |
| 140 | 01-3-2 | Purchase of and addition to equipment | 1,003,000 | |
| 141 | 01-3-2 | Current maintenance of the building and furnishings | 167,000 | |
| 142 | 01-3-2 | Expenses of hosting foreign delegations | 440,000 | |
| 143 | 01-3-2 | Costs of entertainment | 120,000 | |
| 144 | 01-3-2 | Awards and compensation to lay judges | 200,000 | |
| 145 | 01-3-3 | Defense-related projects | 100,000 | |
| Total Basic Purpose 01 | | | | 68,116,000 |
| Total Section 6 (Items 130 through 145) | | | | 68,116,000 |
| Section 7. Federal Public Prosecutor's Office | | | | |
| Basic Purpose 01--Funds for Operation of Administrative Agencies | | | | |
| 146 | 01-1-1 | Funds for personal incomes of personnel | 16,296,000 | |
| 147 | 01-2 | Funds for material costs | 1,200,000 | |
| 148 | 01-3-1 | Funds for personal incomes and other personal benefits of officials | 10,674,000 | |
| 149 | 01-3-2 | Compensation for separation from family | 396,000 | |
| 150 | 01-3-2 | Traveling expenses abroad | 962,000 | |

| | | | |
|-----|--------|---|---------|
| 151 | 01-3-2 | Translation of official court documents from and into foreign languages | 50,000 |
| 152 | 01-3-2 | Costs of conferences and of monitoring and studying social relations and developments | 50,000 |
| 153 | 01-3-2 | Traveling expenses in Yugoslavia | 156,000 |
| 154 | 01-3-2 | Expenses of hosting foreign delegations | 600,000 |
| 155 | 01-3-2 | Costs of entertainment | 40,000 |
| 156 | 01-3-2 | Purchase of equipment | 100,000 |
| 157 | 01-3-3 | Defense-related projects | 30,000 |

| | |
|------------------------|------------|
| Total Basic Purpose 01 | 30,554,000 |
|------------------------|------------|

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|---|------------|
| Total Section 7 (Items 146 through 157) | 30,554,000 |
|---|------------|

Section 8. Federal Solicitor
General's Office

Basic Purpose 01--Funds for
Operation of Administrative
Agencies

| | | | |
|-----|--------|---|------------|
| 158 | 01-1-1 | Funds for personal incomes of personnel | 11,466,000 |
| 159 | 01-2 | Funds for material costs | 900,000 |
| 160 | 01-3-1 | Funds for personal incomes and other personal benefits of officials | 2,786,000 |
| 161 | 01-3-2 | Expenses of trial and executive proceedings and of representation in Yugoslavia | 90,000 |
| 162 | 01-3-2 | Expenses of conducting suits being tried abroad and traveling expenses | 512,000 |
| 163 | 01-3-2 | Expenses of hosting foreign delegations | 80,000 |
| 164 | 01-3-2 | Costs of entertainment | 10,000 |
| 165 | 01-3-2 | Costs of meetings | 100,000 |
| 166 | 01-3-3 | Defense-related projects | 10,000 |

| | |
|------------------------|------------|
| Total Basic Purpose 01 | 15,954,000 |
|------------------------|------------|

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|---|------------|
| Total Section 8 (Items 158 through 166) | 15,954,000 |
|---|------------|

Section 9. Federal Public
Defender of Self-
Management Law

Basic Purpose 01--Funds for
Operation of Administrative
Agencies

| | | | | |
|---|--------|---|-----------|------------|
| 167 | 01-1-1 | Funds for personal incomes of personnel | 8,633,000 | |
| 168 | 01-2 | Funds for material costs | 990,000 | |
| 169 | 01-3-1 | Funds for personal incomes and other personal benefits of officials | 3,876,000 | |
| 170 | 01-3-2 | Compensation for separation from family | 264,000 | |
| 171 | 01-3-2 | Costs of conferences and seminars | 40,000 | |
| 172 | 01-3-2 | Expenses of visiting foreign delegations | 10,000 | |
| 173 | 01-3-2 | Purchase of equipment | 100,000 | |
| 174 | 01-3-2 | Costs of entertainment | 33,000 | |
| 175 | 01-3-3 | Defense-related projects | 30,000 | |
| Total Basic Purpose 01 | | | | 13,976,000 |
| Total Section 9 (Items 167 through 175) | | | | 13,976,000 |

Section 10. Federal Tribunal
for Misdemeanors

Basic Purpose 01--Funds for
Operation of Administrative
Agencies

| | | | | |
|--|--------|--|------------|------------|
| 176 | 01-1-1 | Funds for personal incomes of personnel | 17,800,000 | |
| 177 | 01-2 | Funds for material costs | 600,000 | |
| 178 | 01-3-2 | Traveling expenses in Yugoslavia | 40,000 | |
| 179 | 01-3-2 | Operating expenses of ad hoc members of the Tribunal | 70,000 | |
| 180 | 01-3-2 | Purchase of equipment | 100,000 | |
| Total Basic Purpose 01 | | | | 18,610,000 |
| Total Section 10 (Items 176 through 180) | | | | 18,610,000 |

Section 11. Federal Secre-
tariat for For-
eign Affairs

Basic Purpose 01--Funds for
Operation of Administrative
Agencies

| | | | |
|-----|--------|--|----------------|
| 181 | 01-1-1 | Funds for personal incomes of personnel | 1,037,563,000 |
| 182 | 01-2 | Funds for material costs | 188,144,000 |
| 183 | 01-3-1 | Funds for personal incomes and other personal benefits of officials | 56,023,000 |
| 184 | 01-3-2 | Remuneration of nonstaff personnel | 1,560,000 |
| 185 | 01-3-2 | Compensation for work at night, on Sundays and on holidays | 4,200,000 |
| 186 | 01-3-2 | Cost of entertainment | 1,920,000 |
| 187 | 01-3-2 | Expenses of delegations | 33,600,000 |
| 188 | 01-3-2 | Expenses of fixing boundaries with neighboring countries and of the Commission for Codification of International Law | 5,230,000 |
| 189 | 01-3-2 | Expenses of consultations and meetings of the group of nonaligned countries | 9,650,000 |
| 190 | 01-3-2 | Expenses of the host delegation's participation in the Conference on Security and Cooperation in Europe | 9,800,000 |
| 191 | 01-3-2 | Operation of radio equipment | 67,700,000 |
| 192 | 01-3-2 | Expenses of temporary housing | 6,700,000 |
| 193 | 01-3-2 | Compensation for separation from family | 5,500,000 |
| 194 | 01-3-2 | Collection and processing of archive materials | 3,696,000 |
| 195 | 01-3-2 | Membership dues in international organizations | 756,056,000 |
| 196 | 01-3-2 | For purposes of documentation | 100,505,000 |
| 197 | 01-3-2 | Addition to and replacement of equipment | 111,964,000 |
| 198 | 01-3-2 | Specialized training of personnel for the communications department | 650,000 |
| 199 | 01-3-3 | Expenditures for personnel and material outlays of diplomatic and consular missions abroad | 11,579,784,000 |

| | | | |
|---|--------|---|-----------------|
| 200 | 01-3-3 | Replacements of the travel documents of Yugoslav nationals abroad | 19,200,000 |
| 201 | 01-3-3 | Physical and technical security measures | 31,000,000 |
| 202 | 01-3-3 | For information programs among Yugoslavs working and living abroad temporarily | 20,000,000 |
| 203 | 01-3-3 | Expenses of repatriation and deportation of Yugoslav nationals from abroad | 8,800,000 |
| 204 | 01-3-3 | Preparation of publications and documents on foreign policy | 4,867,000 |
| 205 | 01-3-3 | Miscellaneous grants in aid in conformity with the principles of international solidarity | 3,000,000 |
| 206 | 01-3-3 | Defense-related projects | 200,000,000 |
| 207 | 01-3-3 | Specialized education of personnel | 8,000,000 |
| 208 | 01-3-3 | Participation of the SFRY in financing UN peacekeeping forces in the Middle East | 44,000,000 |
| 209 | 01-3-3 | Funds for Scientific research work | 120,000,000 |
| Total Basic Purpose 01 | | | 14,439,112,000 |
| Total Section 11 (Items 181 through 209) | | | 14,439,112,000 |
| Section 12. Federal Secretariat for National Defense | | | |
| Basic Purpose 02--National Defense and Social Self-Protection | | | |
| 210 | 02-1-1 | Funds for the Yugoslav People's Army in the current year | 388,481,500,000 |
| 211 | 02-1-2 | Funds to cover expenditures incurred in rendering services to entities outside the Yugoslav People's Army | 2,862,500,000 |
| Total Basic Purpose 02 | | | 391,344,000,000 |
| Total Section 12 (Items 210 and 211) | | | 391,344,000,000 |

Section 13. Federal Secre-
tariat for In-
ternal Affairs

Basic Purpose 01--Funds for
Operation of Administrative
Agencies

| | | | |
|-----|--------|---|---------------|
| 212 | 01-1-1 | Funds for personal incomes of personnel | 2,003,000,000 |
| 213 | 01-2 | Funds for material costs | 210,000,000 |
| 214 | 01-3-1 | Funds for personal incomes and other personal benefits of officials | 1,600,000 |
| 215 | 01-3-2 | For designated purposes | 1,350,000,000 |
| 216 | 01-3-2 | Purchase of clothing and footwear | 30,000,000 |
| 217 | 01-3-2 | Education and training of personnel | 16,000,000 |
| 218 | 01-3-2 | Preventive medicine, insurance of personnel and lump-sum grants-in-aid under Article 37 of the Law on Performance of Law Enforcement Functions in the Jurisdiction of Federal Administrative Agencies | 1,620,000 |
| 219 | 01-3-2 | Expenses of building maintenance | 15,600,000 |
| 220 | 01-3-2 | Moving expenses and shipping costs | 8,500,000 |
| 221 | 01-3-2 | Compensation for separation from family | 16,800,000 |
| 222 | 01-3-2 | Remuneration for occasional, temporary and other jobs | 2,280,000 |
| 223 | 01-3-2 | Expenses of the Center for Personnel Education and Training | 4,900,000 |
| 224 | 01-3-2 | Compensation for overtime and nighttime work | 2,640,000 |
| 225 | 01-3-2 | Obligations under Article 43 of the Law on Performance of Law Enforcement Functions in the Jurisdiction of Federal Administrative Agencies | 28,000,000 |
| 226 | 01-3-3 | Expenses of the transit-reception center for refugees | 6,000,000 |
| 227 | 01-3-3 | Defense-related projects | 22,000,000 |

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|-----|--------|---|-------------|
| 228 | 01-3-3 | Operating expenses of the security and Social Self-Protection Institute | 96,600,000 |
| 229 | 01-3-3 | Operating expenses of the Security and Social Self-Protection Institute incurred in rendering services to foreign services and to third parties in Yugoslavia | 120,000,000 |
| 230 | 01-3-3 | Equipping the police brigade | 75,000,000 |

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|------------------------|---------------|
| Total Basic Purpose 01 | 4,010,540,000 |
|------------------------|---------------|

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|--|---------------|
| Total Section 13 (Items 212 through 230) | 4,010,540,000 |
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Section 14. Federal Secretariat for Finance

Title 1. The Secretariat

Basic Purpose 01--Funds for Operation of Administrative Agencies

| | | | |
|-----|--------|---|-------------|
| 231 | 01-1-1 | Funds for personal incomes of personnel | 153,200,000 |
| 232 | 01-1-2 | Funds for social services of federal bodies, agencies and organizations | 239,900,000 |
| 233 | 01-2 | Funds for material costs | 15,080,000 |
| 234 | 01-3-1 | Funds for personal incomes and other personal benefits of officials | 1,300,000 |
| 235 | 01-3-2 | Compensation for separation from family | 528,000 |
| 236 | 01-3-2 | Traveling expenses abroad | 7,200,000 |
| 237 | 01-3-2 | Free trade zone at Sezana | 6,275,000 |
| 238 | 01-3-2 | Differences in rates of exchange | 123,996,000 |
| 239 | 01-3-2 | Cooperation with international financial organizations | 470,000 |
| 240 | 01-3-2 | Obligations to SAP [Socialist Autonomous Province] of Kosovo to cover differences in rates of foreign exchange on international credits taken | 90,000,000 |
| 241 | 01-3-2 | For designated purposes | 7,334,000 |

| | | | |
|-----|--------|--|---------------|
| 242 | 01-3-2 | Funds for alignment of personal incomes in federal bodies and agencies | 2,582,000,000 |
| 243 | 01-3-3 | Compensation for property nationalized in Yugoslavia | 4,500,000 |
| 244 | 01-3-3 | Compensation and commissions paid to the Social Accounting Service | 17,300,000 |
| 245 | 01-3-3 | Costs of leasing the Ethiopian Embassy | 40,000 |
| 246 | 01-3-3 | Defense-related projects | 65,000 |

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|--|--|------------------------|---------------|
| | | Total Basic Purpose 01 | 3,249,188,000 |
|--|--|------------------------|---------------|

Basic Purpose 04--Funds
Transferred to Other Socio-
political Communities

| | | | |
|-----|------|--|----------------|
| 247 | 04-2 | Supplemental funds to the Socialist Republic of Bosnia-Herzegovina | 14,311,000,000 |
| 248 | 04-2 | Supplemental funds to the Socialist Republic of Macedonia | 6,522,900,000 |
| 249 | 04-2 | Supplemental funds to the Socialist Republic of Montenegro | 5,382,100,000 |
| 250 | 04-2 | Supplemental funds to the Socialist Autonomous Province of Kosovo | 23,412,200,000 |
| 251 | 04-2 | Modernization of the Kosovo Secretariat for Internal Affairs | 1,050,000,000 |

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|--|--|------------------------|----------------|
| | | Total Basic Purpose 04 | 50,678,200,000 |
|--|--|------------------------|----------------|

Basic Purpose 05--Obligations
to Finance Social Services

| | | | |
|-----|------|--|---------------|
| 252 | 05-9 | Supplemental funds to the Old-Age and Disability Insurance Community of SR [Socialist Republic] Montenegro to cover the deficit in the Old-Age and Disability Insurance Fund | 1,238,400,000 |
| 253 | 05-9 | Funds for preferential pensions of military personnel under the provisions of the Law on the Obligations of the Federation for Pensions of War Veterans | 6,000,000,000 |

| | | | | |
|---|--------|--|----------------|----------------|
| 254 | 05-9 | Funds for adjustment of military pensions | 5,257,000,000 | |
| 255 | 05-9 | Supplemental funds earmarked to cover the deficit in the Military Personnel Old Age Insurance Fund | 17,277,000,000 | |
| 256 | 05-9 | Unmet obligations from past years | 757,000,000 | |
| Total Basic Purpose 05 | | | | 30,529,400,000 |
| Basic Purpose 06--Other General Public Purposes | | | | |
| 257 | 06-11 | Compensation to cover expenses of the Social Accounting Service for tasks in keeping records, monitoring, and preparing reports and analyses | 282,000,000 | |
| 258 | 06-12 | Funds for material reserves | 8,600,000,000 | |
| Total Basic Purpose 06 | | | | 8,882,000,000 |
| Basic Purpose 07--Federal Reserve Funds | | | | |
| 259 | 07-1 | Appropriation to the permanent Federal reserve | 192,300,000 | |
| 260 | 07-2 | Current budget reserve | 220,000,000 | |
| Total Basic Purpose 07 | | | | 412,300,000 |
| Basic Purpose 08--Funds Placed in Time Deposits and Set Aside, Obligations and Other Purposes of Interest to the Federation | | | | |
| 261 | 08-4-2 | Obligations under foreign loans and for foreign property nationalized | 120,000,000 | |
| 262 | 08-4-2 | Obligation of SAP Kosovo assumed to repay the foreign loan for the Ibar-Lepenac Hydropower System | 898,900,000 | |
| 263 | 08-4-2 | Repayment of credit to the National Bank of Yugoslavia related to permanent federal commodity reserves for 1979 | 446,600,000 | |
| 264 | 08-4-2 | Funds to pay differences in rates of foreign exchange from past years | 1,401,600,000 | |

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|-----|--------|--|-------------|
| 265 | 08-4-2 | Funds to repay international credits for improved transportation routes in SR Montenegro | 752,100,000 |
| 266 | 08-4-2 | Contribution to the International Development Association (IDA) | 29,000,000 |
| 267 | 08-4-2 | Member's share in the Inter-American Bank | 461,300,000 |
| 268 | 08-4-2 | SFRY's member's share in the African Development Bank | 199,600,000 |
| 269 | 08-4-2 | Special increase of the SFRY's share in the capital of the International Bank | 395,400,000 |
| 270 | 08-4-2 | General increase of the capital of the International Bank | 811,500,000 |
| 271 | 08-4-2 | Third Replenishment of the Resources of the African Development Fund | 160,200,000 |
| 272 | 08-4-2 | SFRY's member's share in the joint fund for primary products | 68,600,000 |

Total Basic Purpose 08 5,744,800,000

Total Title 1 99,495,888,000

Title 2. Federal Foreign Exchange Inspectorate

Basic Purpose 01--Funds for Operation of Administrative Agencies

| | | | |
|-----|--------|---|-------------|
| 273 | 01-1-1 | Funds for personal incomes of personnel | 155,400,000 |
| 274 | 01-2 | Funds for material costs | 9,360,000 |
| 275 | 01-3-2 | Remuneration of nonstaff personnel in foreign exchange inspectorates in the republics | 30,000 |
| 276 | 01-3-2 | Traveling expenses of foreign exchange inspectors in Yugoslavia | 4,896,000 |
| 277 | 01-3-2 | Leasing and maintenance of office space | 4,925,000 |
| 278 | 01-3-2 | Traveling expenses abroad | 2,000,000 |
| 279 | 01-3-2 | Purchase of equipment | 600,000 |
| 280 | 01-3-2 | Costs of entertainment | 10,000 |
| 281 | 01-3-3 | Defense-related projects | 42,000 |

| | |
|------------------------|-------------|
| Total Basic Purpose 01 | 177,263,000 |
|------------------------|-------------|

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|---------------|-------------|
| Total Title 2 | 177,263,000 |
|---------------|-------------|

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|--|----------------|
| Total Section 14 (Items 231 through 281) | 99,673,151,000 |
|--|----------------|

Section 15. Federal Secretariat for Foreign Trade

Basic Purpose 01--Funds for Operation of Administrative Agencies

| | | | |
|-----|--------|---|-------------|
| 282 | 01-1-1 | Funds for personal incomes of personnel | 132,121,000 |
| 283 | 01-2 | Funds for material costs | 9,500,000 |
| 284 | 01-3-1 | Funds for personal incomes and other personal benefits of officials | 1,348,000 |
| 285 | 01-3-2 | Compensation for separation from family | 396,000 |
| 286 | 01-3-2 | Preparation of bulletins and other materials and forms for administering the foreign trade and foreign exchange systems | 168,000 |
| 287 | 01-3-2 | Expenses of foreign and domestic delegations | 6,250,000 |
| 288 | 01-3-2 | Charges for translation of various technical materials and foreign publications from foreign languages | 120,000 |
| 289 | 01-3-2 | Purchase of clothing and footwear | 39,000 |
| 290 | 01-3-2 | Membership dues in international organizations | 112,089,000 |
| 291 | 01-3-2 | Addition to and replacement of equipment | 805,000 |
| 292 | 01-3-2 | Expenses of personnel development programs | 200,000 |
| 293 | 01-3-3 | Defense-related projects | 203,000 |

| | |
|------------------------|-------------|
| Total Basic Purpose 01 | 263,239,000 |
|------------------------|-------------|

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| Total Section 15 (Items 282 through 293) | 263,239,000 |
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Section 16. Federal Secretariat for the Market and General Economic Affairs

Title 1. The Secretariat

Basic Purpose 01--Funds for Operation of Administrative Agencies

| | | | |
|------------------------|--------|---|-------------|
| 294 | 01-1-1 | Funds for personal incomes of personnel | 66,625,000 |
| 295 | 01-2 | Funds for material costs | 5,850,000 |
| 296 | 01-3-1 | Funds for personal incomes and other personal benefits of officials | 1,327,000 |
| 297 | 01-3-2 | Compensation for separation from family | 600,000 |
| 298 | 01-3-2 | Traveling expenses abroad | 500,000 |
| 299 | 01-3-2 | Costs of international cooperation | 470,000 |
| 300 | 01-3-2 | Traveling expenses in Yugoslavia | 1,200,000 |
| 301 | 01-3-2 | Costs of data processing | 60,000 |
| 302 | 01-3-2 | Membership dues in international organizations | 17,921,000 |
| 303 | 01-3-2 | Funds to finance costs related to analyzing and forecasting economic trends | 9,800,000 |
| 304 | 01-3-2 | Purchase of equipment | 200,000 |
| 305 | 01-3-3 | Defense-related projects | 96,000 |
| Total Basic Purpose 01 | | | 104,649,000 |
| Total Title 1 | | | 104,649,000 |

Title 2. Federal Market Inspectorate

Basic Purpose 01--Funds for Operation of Administrative Agencies

| | | | |
|-----|--------|--|------------|
| 306 | 01-1-1 | Funds for personal incomes of personnel | 80,076,000 |
| 307 | 01-2 | Funds for material costs | 4,000,000 |
| 308 | 01-3-2 | Compensation for overtime and work on holidays | 300,000 |
| 309 | 01-3-2 | Traveling expenses abroad | 50,000 |

| | | | |
|-----|--------|--|-----------|
| 310 | 01-3-2 | Remuneration of authorized organizations and specialists for checking the quality of products being imported | 1,350,000 |
| 311 | 01-3-2 | Expenses of inspection for quality | 1,200,000 |
| 312 | 01-3-2 | Rent | 2,000,000 |
| 313 | 01-3-2 | Expenses of international cooperation | 20,000 |
| 314 | 01-3-2 | Compensation for expert testimony and expert evaluation | 900,000 |
| 315 | 01-3-2 | Purchase of equipment | 380,000 |
| 316 | 01-3-2 | Purchase of specialized publications | 450,000 |
| 317 | 01-3-2 | Traveling expenses of market inspectors in Yugoslavia | 5,600,000 |
| 318 | 01-3-2 | Costs of entertainment | 12,000 |
| 319 | 01-3-2 | Compensation for separation from family | 200,000 |
| 320 | 01-3-2 | Purchase of uniforms and footwear | 650,000 |

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|------------------------|------------|
| Total Basic Purpose 01 | 97,188,000 |
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|---------------|------------|
| Total Title 2 | 97,188,000 |
|---------------|------------|

Title 3. Federal Directorate
for Commodity
Reserves

Basic Purpose 01--Funds for
Operation of Administrative
Agencies

| | | | |
|-----|--------|--|-------------|
| 321 | 01-1-1 | Funds for personal incomes of personnel | 125,874,000 |
| 322 | 01-2 | Funds for material costs | 10,638,000 |
| 323 | 01-3-2 | Traveling expenses in Yugoslavia and abroad | 2,860,000 |
| 324 | 01-3-2 | Costs of entertainment | 43,000 |
| 325 | 01-3-2 | Studies, analyses, journals and magazines | 720,000 |
| 326 | 01-3-2 | Costs of maintaining furnishings and fixtures and purchasing equipment | 1,140,000 |

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|-----|--------|--|------------|-------------|
| 327 | 01-3-2 | Compensation for separation from family | 980,000 | |
| 328 | 01-3-3 | Defense-related projects | 106,000 | |
| | | Total Basic Purpose 01 | | 142,361,000 |
| | | Total Title 3 | | 142,361,000 |
| | | Title 4. Federal Bureau for prices | | |
| | | Basic Purpose 01--Funds for Operation of Admin- istrative Agencies | | |
| 329 | 01-1-1 | Funds for personal incomes of personnel | 56,868,000 | |
| 330 | 01-2 | Funds for material costs | 2,500,000 | |
| 331 | 01-3-2 | Costs of printing pub- lications | 120,000 | |
| 332 | 01-3-2 | Purchase of equipment | 204,000 | |
| 333 | 01-3-2 | Expenses of holding meetings of the Council | 4,160,000 | |
| 334 | 01-3-2 | Expenses of professional cooperation with the authorities of the community for price affairs of the republics and pro- vinces | 120,000 | |
| 335 | 01-3-2 | Costs of drafting materials to elaborate existing sub- legal enactments | 120,000 | |
| 336 | 01-3-2 | Translation into the languages of the nationalities and ethnic minorities | 60,000 | |
| 337 | 01-3-3 | Defense-related projects | 60,000 | |
| | | Total Basic Purpose 01 | | 64,212,000 |
| | | Total Title 4 | | 64,212,000 |
| | | Total Section 16 (Items 294 through 337) | | 408,410,000 |

Section 17. Federal Secretariat for Jurisprudence and Organization of the Federal Administration

Title 1. The Secretariat

Basic Purpose 01--Funds for Operation of Administrative Agencies

| | | | |
|------------------------|--------|--|-------------|
| 338 | 01-1-1 | Funds for personal incomes of personnel | 45,484,000 |
| 339 | 01-2 | Funds for material costs | 2,080,000 |
| 340 | 01-3-1 | Funds for personal incomes and other personal benefits of officials | 1,360,000 |
| 341 | 01-3-2 | Compensation for separation from family | 132,000 |
| 342 | 01-3-2 | Costs of extradition proceedings | 2,600,000 |
| 343 | 01-3-2 | Traveling expenses abroad | 500,000 |
| 344 | 01-3-2 | Translation of petitions and documents from foreign languages | 28,000 |
| 345 | 01-3-2 | Costs of expert testimony and litigation costs | 82,000 |
| 346 | 01-3-2 | Expenses incurred in drafting enactments | 360,000 |
| 347 | 01-3-2 | Operating expenses of the Coordinating Committee for Relations in Property Law | 90,000 |
| 348 | 01-3-2 | For designated purposes | 80,000,000 |
| 349 | 01-3-3 | Participation in financing international meetings and other undertakings | 144,000 |
| 350 | 01-3-3 | Defense-related projects | 41,000 |
| Total Basic Purpose 01 | | | 132,901,000 |
| Total Title 1 | | | 132,901,000 |

Title 2. Bureau for Upgrading the Federal Administration

Basic Purpose 01--Funds for Operation of Administrative Agencies

| | | | |
|------------------------|--------|---|------------|
| 351 | 01-1-1 | Funds for personal incomes of personnel | 12,474,000 |
| 352 | 01-2 | Funds for material costs | 430,000 |
| 353 | 01-3-2 | Compensation for separation from family | 132,000 |
| 354 | 01-3-2 | Traveling expenses abroad | 50,000 |
| 355 | 01-3-2 | Purchase of specialized literature | 12,000 |
| 356 | 01-3-2 | Expenses of specialized education of the personnel of federal bodies and agencies and federal organizations | 100,000 |
| 357 | 01-3-2 | Expenses of publishing the Bureau's Bulletin | 165,000 |
| 358 | 01-3-2 | Expenses of preparing topic reviews and studies | 20,000 |
| 359 | 01-3-2 | Membership dues in international organizations | 995,000 |
| Total Basic Purpose 01 | | | 14,378,000 |
| Total Title 2 | | | 14,378,000 |

Title 3. Data Processing Bureau of Federal Bodies and Agencies

Basic Purpose 01--Funds for Operation of Administrative Agencies

| | | | |
|-----|--------|---|------------|
| 360 | 01-1-1 | Funds for personal incomes of personnel | 43,308,000 |
| 361 | 01-2 | Funds for material costs | 4,820,000 |
| 362 | 01-3-2 | Traveling expenses abroad | 235,000 |
| 363 | 01-3-2 | Purchase of specialized literature | 605,000 |
| 364 | 01-3-2 | Material costs incurred in publishing and storing documentary and information materials | 240,000 |
| 365 | 01-3-2 | Operating costs of the electronic computer | 2,000,000 |

| | | | |
|-----|--------|---|-----------|
| 366 | 01-3-2 | Costs of preparing designs of the information system | 240,000 |
| 367 | 01-3-2 | Purchase of equipment | 2,663,000 |
| 368 | 01-3-2 | Advanced specialized training--advanced specialized training abroad | 300,000 |

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|------------------------|------------|
| Total Basic Purpose 01 | 54,411,000 |
|------------------------|------------|

| | |
|---------------|------------|
| Total Title 3 | 54,411,000 |
|---------------|------------|

Title 4. Funding Programs of Independent Institutions and Organizations

Basic Purpose 01--Funds for Operation of Administrative Agencies

| | | | |
|-----|--------|--|------------|
| 369 | 01-3-2 | Funds to carry out the work program of the Institute for Comparative Law | 7,390,000 |
| 370 | 01-3-2 | Compensation to medical institutions for rendering services to personnel in federal bodies and agencies | 1,900,000 |
| 371 | 01-3-2 | Funds to carry out the work program of the Museum of the Revolution of the Nationalities and Ethnic Minorities of Yugoslavia | 28,000,000 |
| 372 | 01-3-2 | Funds for the AVNOJ Prize | 6,000,000 |
| 373 | 01-3-2 | Mosa Pijade Fund for Advancement of Representational Art | 4,000,000 |
| 374 | 01-3-2 | Funds for operation of the Commission on Objects Bearing the Likeness of Josip Broz Tito | 250,000 |
| 375 | 01-3-2 | Edvard Kardelj Prize | 1,000,000 |

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|------------------------|------------|
| Total Basic Purpose 01 | 48,540,000 |
|------------------------|------------|

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|---------------|------------|
| Total Title 4 | 48,540,000 |
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| Total Section 17 (Items 338 through 375) | 250,230,000 |
|--|-------------|

Section 18. Federal Secre-
tariat for In-
formation

Basic Purpose 01--Funds for
Operation of Administrative
Agencies

| | | | |
|-----|--------|--|------------|
| 376 | 01-1-1 | Funds for personal incomes of personnel | 84,300,000 |
| 377 | 01-2 | Funds for material costs | 3,693,000 |
| 378 | 01-3-1 | Funds for personal incomes and other personal benefits of officials | 1,360,000 |
| 379 | 01-3-2 | Subscription to newspapers and magazines and publications | 1,900,000 |
| 380 | 01-3-2 | Expenses of hosting foreign guests and journalists | 5,900,000 |
| 381 | 01-3-2 | State visits--foreign newsmen accompanying heads of state | 1,796,000 |
| 382 | 01-3-2 | Schooling of newsmen from the nonaligned countries | 6,720,000 |
| 383 | 01-3-2 | Publication of bulletins and expenses of holding press conference and publishing activity related to the work of the Federal Executive Council | 3,480,000 |
| 384 | 01-3-2 | Performance of the international relations program of the Federation of Yugoslav | 1,920,000 |
| 85 | 01-3-2 | Operating expenses of the Council for the Social Information System of the SFRY | 300,000 |
| 386 | 01-3-2 | Expenses of multilateral cooperation of the nonaligned developing countries | 250,000 |
| 387 | 01-3-2 | Addition to and replacement of equipment | 79,000 |
| 388 | 01-3-3 | Publishing activity, press releases, purchase of publications about Yugoslavia in foreign languages, news and documentary films, news photos, exhibits, special projects, the Secretariat's operating fund and costs of shipping information and propaganda material | 45,586,000 |

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|--|--------|---|---------------|
| 389 | 01-3-3 | Purchase of periodicals intended for foreign countries | 91,000,000 |
| 390 | 01-3-3 | Radiobroadcasting for foreign countries | 182,000,000 |
| 391 | 01-3-3 | Radio programs and news coverage and TV programs intended for abroad | 2,160,000 |
| 392 | 01-3-3 | News agency services | 424,450,000 |
| 393 | 01-3-3 | Expenses of preparing news-reels | 39,304,000 |
| 394 | 01-3-3 | Information, propaganda and culture and entertainment activity aimed at Yugoslav workers and emigres abroad | 24,000,000 |
| 395 | 01-3-3 | Informing the foreign public over radio and television | 19,200,000 |
| 396 | 01-3-3 | International Press Center in Belgrade | 16,900,000 |
| 397 | 01-3-3 | Defense-related projects | 15,600,000 |
| 398 | 01-3-3 | Nationwide defense and social self-protection in the public information system | 22,100,000 |
| 399 | 01-3-3 | Nationwide defense and social self-protection in the public information system [sic] | 200,000,000 |
| 400 | 01-3-3 | Regular expenditures to support the Department for Defense Preparations of Radio Yugoslavia | 8,900,000 |
| 401 | 01-3-3 | Regular expenditures to support the Department for Defense Preparations of the TANJUG News Agency | 3,000,000 |
| Total Basic Purpose 01 | | | 1,205,898,000 |
| Total Section 18 (Items 376 through 401) | | | 1,205,898,000 |
| Section 19. Federal Committee for Energy and Industry | | | |
| Basic Purpose 01--Funds for Operation of Administrative Agencies | | | |
| 402 | 01-1-1 | Funds for personal incomes of personnel | 78,792,000 |
| 403 | 01-2 | Funds for material costs | 4,000,000 |

| | | | |
|-----|--------|--|-------------|
| 404 | 01-3-1 | Funds for personal incomes and other personal benefits of officials | 1,248,000 |
| 405 | 01-3-2 | Expenses of international co-operation within Yugoslavia | 1,250,000 |
| 406 | 01-3-2 | Traveling expenses abroad | 3,000,000 |
| 407 | 01-3-2 | Compensation of commission members and nonstaff personnel | 200,000 |
| 408 | 01-3-2 | Expenses of holding meetings of the Committee | 420,000 |
| 409 | 01-3-2 | Membership dues in international organizations | 146,400,000 |
| 410 | 01-3-2 | Compensation for separation from family | 1,158,000 |
| 411 | 01-3-2 | Expenses of carrying out the work program of the Nuclear Federal Executive Council | 504,000 |
| 412 | 01-3-2 | Preparation of studies and analyses | 300,000 |
| 413 | 01-3-3 | Defense-related projects | 360,000 |

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|------------------------|-------------|
| Total Basic Purpose 01 | 237,632,000 |
|------------------------|-------------|

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| Total Section 19 (Items 402 through 413) | 237,632,000 |
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Section 20. Federal Committee for Agriculture

Basic Purpose 01--Funds for Operation of Administrative Agencies

| | | | |
|-----|--------|---|-------------|
| 414 | 01-1-1 | Funds for personal incomes of personnel | 230,445,000 |
| 415 | 01-2 | Funds for material costs | 5,850,000 |
| 416 | 01-2 | Funds for material costs of border stations | 22,000,000 |
| 417 | 01-3-1 | Funds for personal incomes and other personal benefits of officials | 1,318,000 |
| 418 | 01-3-2 | Expenses of international co-operation in water management | 1,080,000 |
| 419 | 01-3-2 | Expenses of monitoring chemicals for plant pest and disease control | 216,000 |

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|-----|--------|--|-----------|
| 420 | 01-3-2 | Expenses of monitoring chemicals for livestock pest and disease control | 84,000 |
| 421 | 01-3-2 | Compensation of members of special commissions | 504,000 |
| 422 | 01-3-2 | Performance of measures in the border zone in the field of veterinary science and plant pest and disease control | 4,080,000 |
| 423 | 01-3-2 | Expenses of international cooperation in the fields of agriculture and forestry | 3,120,000 |
| 424 | 01-3-2 | Expenses of holding meetings of the Committee | 720,000 |
| 425 | 01-3-2 | For holding seminars, giving courses and preparing enactments in the field of veterinary science and plant pest and disease control | 2,400,000 |
| 426 | 01-3-2 | Remuneration of nonstaff personnel in the field of plant pest and disease control at border crossings | 480,000 |
| 427 | 01-3-2 | For monitoring movements of plant pests and diseases on the quarantine list | 1,200,000 |
| 428 | 01-3-2 | Membership dues in international organizations | 8,224,000 |
| 429 | 01-3-2 | Compensation for overtime in the field of veterinary science at border crossings | 300,000 |
| 430 | 01-3-2 | Compensation for overtime in the field of plant pest and disease control at border crossings | 450,000 |
| 431 | 01-3-2 | Certification of new varieties and issuance of permits for production of seeds and nursery stock | 4,200,000 |
| 432 | 01-3-2 | Remuneration of nonstaff personnel for animal pest and disease control at the border | 500,000 |
| 433 | 01-3-2 | For verification and application of new technologies and techniques in agriculture and forestry in accordance with the policy governing economic development in 1985 | 3,300,000 |

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|-----|--------|--|-----------|
| 434 | 01-3-2 | Preparation and printing of instructions for administering regulations and carrying out measures under the jurisdiction of the Federation | 1,800,000 |
| 435 | 01-3-2 | Holding fairs, exhibitions, conferences, symposiums and congresses for the advancement of agriculture | 1,700,000 |
| 436 | 01-3-2 | Monitoring, establishing and carrying on cooperation with countries with which Yugoslavia has intergovernmental committees and commissions, and especially with the developing countries | 960,000 |
| 437 | 01-3-2 | Purchase of and addition to equipment | 670,000 |
| 438 | 01-3-2 | Costs of ascertaining the behavior of active ingredients of pesticides | 600,000 |
| 439 | 01-3-2 | Operating expenses of the commission and the working bodies of the Committee | 720,000 |
| 440 | 01-3-2 | Diagnosis of virus diseases | 480,000 |
| 441 | 01-3-2 | Final preparation of integrated measures for plant pest and disease control and introduction of nonpesticidal measures to combat plant diseases and pests | 1,200,000 |
| 442 | 01-3-2 | Compensation for separation from family | 473,000 |
| 443 | 01-3-2 | Participation in drafting the initiatory program for establishing the causes of and taking measures to correct the large-scale withering of import-tree species | 660,000 |
| 444 | 01-3-2 | Compensation of work at night and on holidays in the field of veterinary science at border crossings | 600,000 |
| 445 | 01-3-2 | Operating expenses of the Farm Policy Council of the Federal Committee for Agriculture | 1,900,000 |
| 446 | 01-3-2 | Compensation for work at night and on holidays in the field of plant pest and disease control at border crossings | 600,000 |

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|-----|--------|---|-------------|
| 447 | 01-3-2 | Expenses of the inspectorate of the Committee for Inspection of Export Packing-houses | 500,000 |
| 448 | 01-3-2 | Costs of maintaining and using airplanes for fighting forest fires | 400,000,000 |
| 449 | 01-3-2 | Participation in preparing the manual Pesticidi u privredi i sumarstvu Jugoslavije (Pesticides in the economy and forestry of Yugoslavia) | 300,000 |
| 450 | 01-3-2 | Expenses of maintaining office space at border stations | 700,000 |
| 451 | 01-3-3 | Defense-related projects | 1,000,000 |

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| Total Basic Purpose 01 | 705,334,000 |
|------------------------|-------------|

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| Total Section 20 (Items 414 through 451) | 705,334,000 |
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Section 21. Federal Committee for Transportation and Communications

Title 1. The Committee

Basic Purpose 01--Funds for Operation of Administrative Agencies

| | | | |
|-----|--------|--|------------|
| 452 | 01-1-1 | Funds for personal incomes of personnel | 81,869,000 |
| 453 | 01-2 | Funds for material costs | 7,761,000 |
| 454 | 01-3-1 | Funds for personal incomes and other personal benefits of officials | 1,289,000 |
| 455 | 01-3-2 | Drafting of technical regulations | 1,000,000 |
| 456 | 01-3-2 | Costs of international cooperation | 960,000 |
| 457 | 01-3-2 | Traveling expenses abroad | 4,000,000 |
| 458 | 01-3-2 | Compensation of commission members and nonstaff personnel | 360,000 |
| 459 | 01-3-2 | Printing international licenses and permits in the transportation sector | 2,000,000 |
| 460 | 01-3-2 | Purchase of and addition to equipment | 200,000 |

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|-----|--------|--|-------------|
| 461 | 01-3-2 | Membership dues in international organizations | 137,000,000 |
| 462 | 01-3-2 | Expenses of participation of Jugoregistar specialists on projects of interest to the Federation | 3,720,000 |
| 463 | 01-3-2 | Compensation for separation from family | 800,000 |
| 464 | 01-3-2 | Funds for designated purposes | 450,000 |
| 465 | 01-3-2 | Costs of meetings of the Committee | 360,000 |
| 466 | 01-3-2 | Compensation for old-age and health insurance of Yugoslav nationals employed temporarily in the Secretariat of the Danube Commission | 650,000 |
| 467 | 01-3-2 | Maintaining regular air service between Belgrade and Tirana in both directions | 20,800,000 |
| 468 | 01-3-2 | Maintaining regular air service between Belgrade and Malta in both directions | 21,500,000 |
| 469 | 01-3-2 | Maintaining regular air service between Belgrade and Cyprus in both directions | 21,800,000 |
| 470 | 01-3-2 | Compensation of airports for work to meet the needs of air traffic safety | 21,800,000 |
| 471 | 01-3-3 | For safe navigation in maritime shipping | 150,000,000 |
| 472 | 01-3-3 | For safe navigation in river shipping | 200,000,000 |
| 473 | 01-3-3 | Defense-related projects | 420,000 |
| 474 | 01-3-3 | Funds for the work of the Geomagnetic Institute on projects of interest to the Federation | 40,000,000 |
| 475 | 01-3-3 | Funds to cover obligations resulting from passes issued in passenger transportation | 260,000,000 |
| | | Total Basic Purpose 01 | 978,739,000 |
| | | Total Title 1 | 978,739,000 |

Title 2. Federal Flight Control Administration

Basic Purpose 01--Funds for Operation of Administrative Agencies

| | | | |
|------------------------|--------|---|---------------|
| 476 | 01-1-1 | Funds for personal incomes of personnel | 1,102,961,000 |
| 477 | 01-2 | Funds for material costs | 10,400,000 |
| 478 | 01-3-2 | Operation of facilities | 250,000,000 |
| 479 | 01-3-2 | Rent | 6,187,000 |
| 480 | 01-3-2 | Costs of Aircraft Use | 50,400,000 |
| 481 | 01-3-2 | Compensation for work at night, on holidays | 45,000,000 |
| 482 | 01-3-2 | Remuneration of nonstaff personnel | 240,000 |
| 483 | 01-3-2 | Costs of vehicle use | 26,000,000 |
| 484 | 01-3-2 | Insurance expenses | 16,600,000 |
| 485 | 01-3-2 | Traveling expenses in Yugoslavia | 32,000,000 |
| 486 | 01-3-2 | Printshop expenses | 1,440,000 |
| 487 | 01-3-2 | Purchase of clothing and footwear | 23,760,000 |
| 488 | 01-3-2 | Bank service charges | 10,000,000 |
| 489 | 01-3-2 | Traveling expenses abroad | 1,950,000 |
| 490 | 01-3-2 | Membership dues in international and other organizations | 2,100,000 |
| 491 | 01-3-2 | Purchase of equipment for safety in the workplace | 2,400,000 |
| 492 | 01-3-2 | Addition to furnishings and fixtures | 4,320,000 |
| 493 | 01-3-2 | Postage, telegraph and telephone service | 90,000,000 |
| 494 | 01-3-2 | Guarding and securing property | 11,956,000 |
| 495 | 01-3-2 | Medical examinations of controllers, pilots, technicians and chauffeurs | 3,960,000 |
| 496 | 01-3-2 | Purchase of school supplies and textbooks for training programs | 720,000 |
| 497 | 01-3-2 | Costs of entertainment | 60,000 |
| 498 | 01-3-2 | Expenses of resurveying air navigation charts | 6,500,000 |
| 499 | 01-3-2 | Expenses paid under military regulations | 5,719,000 |
| 500 | 01-3-3 | Defense-related projects | 300,000 |
| Total Basic Purpose 01 | | | 1,704,973,000 |
| Total Title 2 | | | 1,704,973,000 |

Title 3. Federal Administration
for Radio Communication

Basic Purpose 01--Funds for
Operation of Administrative
Agencies

| | | | |
|------------------------|--------|--|------------|
| 501 | 01-1-1 | Funds for personal incomes of personnel | 62,263,000 |
| 502 | 01-2 | Funds for material costs | 1,750,000 |
| 503 | 01-3-2 | Compensation for night-time work | 48,000 |
| 504 | 01-3-2 | Maintaining monitoring and measuring centers | 1,000,000 |
| 505 | 01-3-2 | Property insurance | 4,200,000 |
| 506 | 01-3-2 | Purchase of and addition to equipment | 360,000 |
| 507 | 01-3-2 | Expenses of the motor pool | 2,000,000 |
| 508 | 01-3-2 | Traveling expenses in Yugoslavia | 1,300,000 |
| 509 | 01-3-2 | Traveling expenses abroad | 1,000,000 |
| 510 | 01-3-2 | Purchase of clothing and footwear | 60,000 |
| 511 | 01-3-2 | Drafting of specialized and technical regulations, instructions and studies | 24,000 |
| 512 | 01-3-2 | Data processing of information and documentation | 1,200,000 |
| 513 | 01-3-2 | Expenses of current and capital maintenance of one-sixth of the office space at the Rijeka Monitoring and Measuring Center | 480,000 |
| 514 | 01-3-2 | Postage-telegraph and telephone service | 1,500,000 |
| 515 | 01-3-2 | Adaptation of space to accommodate computer equipment | 840,000 |
| 516 | 01-3-2 | Obligations to the International Telecommunications Union and other payments | 2,200,000 |
| 517 | 01-3-2 | Funds for material costs of monitoring and measuring stations | 1,200,000 |
| 518 | 01-3-2 | Expenses for separation from family | 750,000 |
| 519 | 01-3-3 | Defense-related projects | 102,000 |
| Total Basic Purpose 01 | | | 82,277,000 |
| Total Title 3 | | | 82,277,000 |

Title 4. Federal Aviation
Inspectorate

Basic Purpose 01--Funds for
Operation of Administrative
Agencies

| | | | |
|-----|--------|--|---------------|
| 520 | 01-1-1 | Funds for personal incomes of personnel | 44,509,000 |
| 521 | 01-2 | Funds for material costs | 4,533,000 |
| 522 | 01-3-2 | Expenses of aircraft and automobile use | 4,320,000 |
| 523 | 01-3-2 | Purchase of clothing and equipment | 702,000 |
| 524 | 01-3-2 | Expenses of international co-operation | 30,000 |
| 525 | 01-3-2 | Traveling expenses abroad | 2,400,000 |
| 526 | 01-3-2 | Remuneration of nonstaff personnel | 60,000 |
| 527 | 01-3-2 | Traveling expenses in Yugoslavia | 3,600,000 |
| 528 | 01-3-2 | Purchase of and addition to equipment | 1,200,000 |
| 529 | 01-3-2 | Translation costs | 50,000 |
| 530 | 01-3-2 | Costs of organizing conferences | 22,000 |
| 531 | 01-3-2 | Expenses of specialized education and training | 48,000 |
| 532 | 01-3-2 | Compensation for work at night and on holidays | 50,000 |
| 533 | 01-3-2 | Costs of entertainment | 13,000 |
| 534 | 01-3-2 | Compensation for transporting personnel to and from work | 403,000 |
| 535 | 01-3-2 | Membership dues and assessments | 300,000 |
| 536 | 01-3-3 | Defense-related projects | 22,000 |
| | | Total Basic Purpose | 62,262,000 |
| | | Total Title 4 | 62,262,000 |
| | | Total Section 21 (Items 452 through 536) | 2,828,251,000 |

Section 22. Federal Committee for Labor, Health and Social Welfare

Title 1. The Committee

Basic Purpose 01--Funds for Operation of Administrative Agencies

| | | | |
|-----|--------|---|-------------|
| 537 | 01-1-1 | Funds for personal incomes of personnel | 132,700,000 |
| 538 | 01-2 | Funds for material costs | 3,000,000 |
| 539 | 01-3-1 | Funds for personal incomes and other personal benefits of officials | 1,360,000 |
| 540 | 01-3-2 | Traveling expenses abroad | 4,080,000 |
| 541 | 01-3-2 | Traveling expenses in Yugoslavia | 1,210,000 |
| 542 | 01-3-2 | Traveling expenses of foreign specialists and their Yugoslav escorts, expenses related to meetings and negotiations with foreign delegations and diplomatic and other representatives | 840,000 |
| 543 | 01-3-2 | Compensation of members of standing specialized committees | 660,000 |
| 544 | 01-3-2 | Expenses of holding meetings of the Committee and its bodies for preparation of the health service for nationwide defense | 540,000 |
| 545 | 01-3-2 | Costs of publishing reports of the labor inspectorate and public health inspectorate | 120,000 |
| 546 | 01-3-2 | Membership dues in international organizations | 471,680,000 |
| 547 | 01-3-2 | Certain projects in the field of the pharmaceutical service and medical supply of interest to the Federation which will be contracted out to appropriate professional institutions | 575,000 |
| 548 | 01-3-2 | Purchase of and addition to equipment | 330,000 |

| | | | |
|-----|--------|--|------------|
| 549 | 01-3-2 | Remuneration of parttime and nonstaff personnel | 2,160,000 |
| 550 | 01-3-2 | Compensation for overtime related to public health control at the border | 300,000 |
| 551 | 01-3-2 | Rent and maintenance on office space for border public health control | 1,740,000 |
| 552 | 01-3-2 | Purchase of uniforms for border public health inspectors | 240,000 |
| 553 | 01-3-2 | Expenses of protecting the country against the importation of infectious diseases | 4,680,000 |
| 554 | 01-3-2 | Expenses of analyzing medical drugs | 660,000 |
| 555 | 01-3-2 | Expenses related to public health control at the border | 3,120,000 |
| 556 | 01-3-2 | Expenses of medical treatment of foreign nationals in Yugoslavia | 600,000 |
| 557 | 01-3-2 | Protection against ionizing radiation | 180,000 |
| 558 | 01-3-2 | Material support and housing of refugees | 11,056,000 |
| 559 | 01-3-2 | Certain projects in the field of health care which have a direct bearing on performance of the Federation's function, which are to be contracted out to the Federal Bureau for Health Care | 23,500,000 |
| 560 | 01-3-2 | Expenses of monitoring the pollution of international and interrpublic waters | 1,800,000 |
| 561 | 01-3-2 | Operating expenses of the intersector working group to coordinate the effort of federal agencies in carrying out the decisions of the United Nations World Conference of the International Year of Women | 1,440,000 |
| 562 | 01-3-2 | Yugoslavia's obligations as a member of the World Health Organization | 126,000 |
| 563 | 01-3-2 | Expenses of preparing the Yugoslav Pharmacopoeia | 1,800,000 |
| 564 | 01-3-2 | Expenses of preparing regulations on health standards governing foodstuffs and articles for personal hygiene | 480,000 |

| | | | | |
|-----|--------|--|------------|-------------|
| 565 | 01-3-3 | Financing programs directed toward Yugoslav nationals working abroad | 10,800,000 | |
| 566 | 01-3-3 | Funds for May Day Prizes | 4,892,000 | |
| 567 | 01-3-3 | Costs of preparing the classification of occupations | 1,760,000 | |
| 568 | 01-3-3 | Defense-related projects | 240,000 | |
| 569 | 01-3-3 | Contribution to the United Nations Fund for Population Programs | 555,000 | |
| | | Total Basic Purpose 01 | | 689,224,000 |
| | | Total Title 1 | | 689,224,000 |
| | | Title 2. Federal Bureau for Employment Security | | |
| | | Basic Purpose 01--Funds for Operation of Administrative Agencies | | |
| 570 | 01-1-1 | Funds for personal incomes of personnel | 40,000,000 | |
| 571 | 01-2 | Funds for material costs | 4,553,000 | |
| 572 | 01-3-2 | Material costs of standing joint commissions which Yugoslavia has with foreign countries | 856,000 | |
| 573 | 01-3-2 | Compensation for separation from family of social workers abroad and expenses of sending those social workers abroad | 5,000,000 | |
| 574 | 01-3-2 | Expenses of printing and publishing bulletins and reports | 450,000 | |
| 575 | 01-3-2 | Official trips in Yugoslavia | 1,579,000 | |
| 576 | 01-3-2 | Purchase of and addition to equipment | 500,000 | |
| 577 | 01-3-2 | Traveling expenses abroad | 2,310,000 | |
| 578 | 01-3-2 | Purchase of specialized literature | 100,000 | |
| 579 | 01-3-2 | Education and upbringing of the children of Yugoslavs employed abroad temporarily | 2,000,000 | |
| 580 | 01-3-3 | Defense-related projects | 81,000 | |
| | | Total Basic Purpose 01 | | 57,429,000 |

Total Title 2 57,429,000

Total Section 22 (Items 537 through 580) 746,653,000

Section 23. Federal Committee for Affairs of War Veterans and Military Disabled

Basic Purpose 01--Funds for Operation of Administrative Agencies

| | | | |
|-----|--------|---|------------|
| 581 | 01-1-1 | Funds for personal incomes of personnel | 15,022,000 |
| 582 | 01-2 | Funds for material costs | 705,000 |
| 583 | 01-3-1 | Funds for personal incomes and other personal benefits of officials | 1,355,000 |
| 584 | 01-3-2 | Traveling expenses abroad | 500,000 |
| 585 | 01-3-2 | Traveling expenses in Yugoslavia | 255,000 |
| 586 | 01-3-2 | Translation of disability and other documents and materials | 20,000 |
| 587 | 01-3-2 | Expenses of holding meetings of the Committee | 280,000 |
| 588 | 01-3-2 | Funds for purchase of equipment | 72,000 |
| 589 | 01-3-3 | Care of graves and cemeteries of Yugoslav war casualties and veterans | 25,515,000 |

Total Basic Purpose 01 43,724,000

Basic Purpose 05--Obligations To Fund Public Services

| | | | |
|-----|------|---|----------------|
| 590 | 05-9 | Funds for preferential old-age pensions (not including military old-age pensions) in the context of the provisions of the Law on Obligations of the Federation for Old-Age Pensions of War Veterans | 56,596,100,000 |
| 591 | 05-9 | Unmet obligations from previous years | 1,671,000,000 |

| | | | | |
|-----|--------|--|----------------|----------------|
| 592 | 05-11 | Funds for disability benefits of military disabled | 14,382,200,000 | |
| 593 | 05-11 | Funds for health care of military disabled | 1,659,400,000 | |
| 594 | 05-11 | Funds for treatment at health resorts | 1,169,600,000 | |
| 595 | 05-11 | Funds for the war veteran's supplement | 31,100,000 | |
| 596 | 05-11 | Compensation paid to holders of the 1941 Partisan Commemorative Medal and other decorations | 710,000,000 | |
| 597 | 05-11 | Disability benefits of recipients abroad | 148,300,000 | |
| 598 | 05-11 | Funds for printing credentials for free and reduced-rate travel for holders of the 1941 Partisan Commemorative Medal and other decorations | 10,000,000 | |
| | | Total Basic Purpose 05 | | 76,377,700,000 |
| | | Total Section 23 (Items 581 through 598) | | 76,421,424,000 |
| | | Section 24. Federal Committee for Legislation | | |
| | | Basic Purpose 01--Funds for Operation of Administrative Agencies | | |
| 599 | 01-1-1 | Funds for personal incomes of personnel | 31,512,000 | |
| 600 | 01-2 | Funds for material costs | 1,500,000 | |
| 601 | 01-3-2 | Funds for personal incomes and other personal benefits of officials | 2,724,000 | |
| 602 | 01-3-2 | Traveling expenses in Yugoslavia of members of the Committee and its bodies | 650,000 | |
| 603 | 01-3-2 | Costs of entertainment | 30,000 | |
| 604 | 01-3-2 | CEMA Commission for Legal Affairs | 800,000 | |
| | | Total Basic Purpose 01 | | 37,216,000 |
| | | Total Section 24 (Items 599 through 604) | | 37,216,000 |

Section 25. Federal Customs
Administration

Basic Purpose 01--Funds for
Operation of Administrative
Agencies

| | | | |
|--|--------|--|---------------|
| 605 | 01-1-1 | Funds for personal incomes of personnel | 3,146,040,000 |
| 606 | 01-2 | Funds for material costs | 682,700,000 |
| 607 | 01-3-2 | Reimbursement of loss under Articles 252, 283 and 356 of the Customs Law | 600,000 |
| 608 | 01-3-2 | Traveling expenses abroad | 1,750,000 |
| 609 | 01-3-2 | Membership dues in international organizations | 7,600,000 |
| 610 | 01-3-2 | Expenses of regular examinations of personnel | 5,900,000 |
| 611 | 01-3-2 | Expenses of bonding personnel | 5,900,000 |
| 612 | 01-3-2 | Rewards for detection of customs violations | 3,600,000 |
| 613 | 01-3-2 | Compensation for separation from family | 800,000 |
| 614 | 01-3-3 | Defense-related projects | 4,000,000 |
| Total Basic Purpose 01 | | | 3,858,890,000 |
| Total Section 25 (Items 605 through 614) | | | 3,858,890,000 |

Section 26. Federal Bureau
for Social Plan-
ning

Basic Purpose 01--Funds for
Operation of Administrative
Agencies

| | | | |
|-----|--------|---|-------------|
| 615 | 01-1-1 | Funds for personal incomes of personnel | 117,654,000 |
| 616 | 01-2 | Funds for material costs | 9,750,000 |
| 617 | 01-3-1 | Funds for personal incomes and other personal benefits of officials | 2,433,000 |
| 618 | 01-3-2 | Traveling expenses abroad | 845,000 |
| 619 | 01-3-2 | Remuneration of nonstaff personnel and expenses of surveys | 360,000 |
| 620 | 01-3-2 | Compensation for separation from family | 700,000 |

| | | | | |
|-----|--------|---|-------------|-------------|
| 621 | 01-3-2 | Professional consultations and conferences | 720,000 | |
| 622 | 01-3-2 | Publication of the bulletin PRIVREDNA KRETANJA U SVIJETU I NJIHOV UTICAJ NA PRIVREDU JUGOSLAVIJE (World Economic Trends and Their Impact on the Yugoslav Economy) | 4,550,000 | |
| 623 | 01-3-2 | Methodological research | 4,160,000 | |
| 624 | 01-3-2 | Purchase of and addition to equipment | 650,000 | |
| 625 | 01-3-3 | Defense-related projects | 120,000 | |
| | | Total Basic Purpose 01 | | 141,942,000 |
| | | Total Section 26 (Items 615 through 625) | | 141,942,000 |
| | | Section 27. Federal Bureau of Statistics | | |
| | | Basic Purpose 01--Funds for Operation of Administrative Agencies | | |
| 626 | 01-1-1 | Funds for personal incomes of personnel | 285,182,000 | |
| 627 | 01-2 | Funds for material costs | 27,500,000 | |
| 628 | 01-3-2 | Fire control and workplace health and safety | 240,000 | |
| 629 | 01-3-2 | Traveling expenses abroad | 2,420,000 | |
| 630 | 01-3-2 | Membership dues in international organizations | 81,000 | |
| 631 | 01-3-2 | Costs of statistical studies | 2,400,000 | |
| 632 | 01-3-2 | Expenses of the Automatic Data Processing Center | 8,000,000 | |
| 633 | 01-3-2 | Expenses of publishing activity | 10,000,000 | |
| 634 | 01-3-2 | Maintenance of buildings and furnishings | 1,080,000 | |
| 635 | 01-3-2 | Rent | 18,800,000 | |
| 636 | 01-3-2 | Leasing of automatic data processing machines | 576,968,000 | |
| 637 | 01-3-2 | Expenses of personnel development program | 2,700,000 | |
| 638 | 01-3-2 | Expenses of international cooperation | 200,000 | |
| 639 | 01-3-3 | Defense-related projects | 300,000 | |
| | | Total Basic Purpose 01 | | 935,871,000 |

Total Section 27 (Items 626 through 639)

935,871,000

Section 28. Federal Bureau
for Interna-
tional Scien-
tific, Educa-
tional and Cul-
tural, and Tech-
nical Coopera-
tion

Basic Purpose 01--Funds for
Operation of Administrative
Agencies

| | | | |
|-----|--------|--|-------------|
| 640 | 01-1-1 | Funds for personal incomes of personnel | 69,542,000 |
| 641 | 01-2 | Funds for material costs | 6,500,000 |
| 642 | 01-3-2 | Compensation for separation from family | 264,000 |
| 643 | 01-3-2 | Addition to and replacement of equipment | 240,000 |
| 644 | 01-3-2 | Membership dues in international organizations | 255,893,000 |
| 645 | 01-3-2 | Contribution to the United Nations mission in Yugoslavia | 14,439,000 |
| 646 | 01-3-3 | Expenses of regular schooling, advanced specialized training and study trips of foreign nationals in Yugoslavia | 139,031,000 |
| 647 | 01-3-3 | Expenses of preparing specialists for departure, participation in the salaries of Yugoslav specialists and aid in organizing the Center for Training Personnel in the Developing Countries | 52,416,000 |
| 648 | 01-3-3 | Preparation of studies, expert evaluations, technical documentation, publications, international seminars, special courses for the developing countries and film production | 9,600,000 |
| 649 | 01-3-3 | Cultural and educational cooperation with the developing countries | 12,768,000 |

| | | | | |
|-----|--------|--|-------------|-------------|
| 650 | 01-3-3 | International seminar entitled "The University Today"--participation of representatives from the developing countries | 250,000 | |
| 651 | 01-3-3 | International negotiations and meetings of joint commissions, traveling expenses in Yugoslavia and abroad | 12,500,000 | |
| 652 | 01-3-3 | Translation and copying of studies, reports, analyses and other materials | 884,000 | |
| 653 | 01-3-3 | Compensation for health services rendered to personnel of the United Nations mission in Yugoslavia | 54,000 | |
| 654 | 01-3-3 | Compensation for certain tasks in the jurisdiction of the Federation performed by the Yugoslav Bibliographic Institute | 1,675,000 | |
| 655 | 01-3-3 | Information program | 2,016,000 | |
| 656 | 01-3-3 | Center for Guidance and Organization of the Mutual Cooperation of the Nonaligned Countries in the Fields of Science and Technology | 7,000,000 | |
| 657 | 01-3-3 | Defense-related projects | 79,000 | |
| | | Total Basic Purpose 01 | | 585,151,000 |
| | | Total Section 29 (Items 640 through 657) | | 585,151,000 |
| | | Section 29. Federal Hydrometeorology Bureau | | |
| | | Basic Purpose 01--Funds for Operation of Administrative Agencies | | |
| 658 | 01-1-1 | Funds for personal incomes of personnel | 242,723,000 | |
| 659 | 01-2 | Funds for material costs | 19,300,000 | |
| 660 | 01-3-2 | Funds for work on Sunday, at night and on holidays | 13,000,000 | |
| 661 | 01-3-2 | Compensation of Radio Belgrade for broadcasting water levels of the Danube | 3,600,000 | |
| 662 | 01-3-2 | Expenses of telecommunications | 18,000,000 | |

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|-----|--------|---|------------|-------------|
| 663 | 01-3-2 | Traveling expenses abroad | 288,000 | |
| 664 | 01-3-2 | Membership dues in international organizations | 84,200,000 | |
| 665 | 01-3-2 | Compensation for separation from family | 300,000 | |
| 666 | 01-3-2 | Addition to equipment | 1,668,000 | |
| 667 | 01-3-2 | Printing the Yearbook of the Climate Atlas and other specialized publications | 4,000,000 | |
| 668 | 01-3-2 | Financing international programs pursuant to specific decisions of the Federal Executive Council ("FIERZA", "ALPEX", "HOMS", "EMEP", "MED-POL," and "VITUKI") | 10,764,000 | |
| 669 | 01-3-2 | Maintenance of buildings and furnishings | 10,000,000 | |
| 670 | 01-3-2 | Traveling expenses in Yugoslavia | 1,200,000 | |
| 671 | 01-3-2 | Purchase of clothing and footwear | 2,280,000 | |
| 672 | 01-3-2 | Motor vehicle maintenance and fuel | 2,000,000 | |
| 673 | 01-3-2 | Rent on office space | 8,500,000 | |
| 674 | 01-3-2 | Expenses of training hydrometeorologists | 240,000 | |
| 675 | 01-3-2 | Expenses of the coordinating group for performance of operational tasks and obligations, both domestic and international, which become obligations under the Convention on Long-Distance Air Pollution across Borders | 440,000 | |
| 676 | 01-3-3 | Defense-related projects | 240,000 | |
| | | Total Basic Purpose 01 | | 422,743,000 |
| | | Total Section 29 (Items 658 through 676) | | 422,743,000 |

Section 30. Federal Bureau
for Standardiza-
tion

Basic Purpose 01--Funds for
Operation of Administrative
Agencies

| | | | |
|--|--------|---|-------------|
| 677 | 01-1-1 | Funds for personal incomes of personnel | 112,710,000 |
| 678 | 01-2 | Funds for material costs | 6,000,000 |
| 679 | 01-3-2 | Expenses of drafting and distributing Yugoslav standards and technical specifications | 11,000,000 |
| 680 | 01-3-2 | Translation of Yugoslav standards into the languages of the nationalities and ethnic minorities of Yugoslavia | 10,000,000 |
| 681 | 01-3-2 | Expenses of the Commission for Standardization of Motor Vehicles | 2,700,000 |
| 682 | 01-3-2 | Expenses of drafting regulations on construction, repair and rehabilitation of projects in seismically active regions | 1,600,000 |
| 683 | 01-3-2 | Expenses of dimensional coordination in construction | 1,080,000 |
| 684 | 01-3-2 | Expenses of administering the certification system | 3,000,000 |
| 685 | 01-3-2 | Expenses of financing the projects of the information system | 2,640,000 |
| 686 | 01-3-2 | International Cooperation with the UN, CEMA and the developing countries | 2,458,000 |
| 687 | 01-3-2 | Purchase of and addition to equipment | 2,000,000 |
| 688 | 01-3-2 | Membership dues in international organizations | 22,000,000 |
| 689 | 01-3-3 | Defense-related projects | 140,000 |
| Total Basic Purpose 01 | | | 177,328,000 |
| Total Section 30 (Items 677 through 689) | | | 177,328,000 |

Section 31. Federal Bureau
for Patents

Basic Purpose 01--Funds for
Operation of Administrative
Agencies

| | | | | |
|-----|--------|---|------------|-------------|
| 690 | 01-1-1 | Funds for personal incomes of personnel | 76,348,000 | |
| 691 | 01-2 | Funds for material costs | 6,000,000 | |
| 692 | 01-3-2 | Costs of printing patent documents and documentation | 7,800,000 | |
| 693 | 01-3-2 | Traveling expenses abroad | 352,000 | |
| 694 | 01-3-2 | Purchase of and addition to equipment | 3,600,000 | |
| 695 | 01-3-2 | Printing the patent herald | 4,000,000 | |
| 696 | 01-3-2 | Preparation of forms and materials for photocopying | 1,200,000 | |
| 697 | 01-3-2 | Receiving and shipping patent documentation | 500,000 | |
| 698 | 01-3-2 | Expenses of publishing activity | 40,000 | |
| 699 | 01-3-2 | Expenses of the information system | 5,000,000 | |
| 700 | 01-3-2 | Expenses of the Council | 90,000 | |
| 701 | 01-3-2 | Equipment maintenance and servicing | 750,000 | |
| 702 | 01-3-2 | Rent | 3,886,000 | |
| 703 | 01-3-2 | Purchase of specialized literature | 1,360,000 | |
| 704 | 01-3-2 | Translation of international patent documentation | 84,000 | |
| 705 | 01-3-2 | Expenses of the Federal Coordinating Committee for Creativity | 240,000 | |
| 706 | 01-3-2 | Advanced training and specialization | 200,000 | |
| 707 | 01-3-2 | Costs of the information services of the Yugoslav Center for Technical and Scientific Documentation | 1,067,000 | |
| 708 | 01-3-3 | Defense-related projects | 25,000 | |
| | | Total Basic Purpose 01 | | 112,542,000 |
| | | Total Section 31 (Items 690 through 708) | | 112,542,000 |

Section 32. Federal Bureau
for Weights and
Measures and
Precious Metals

Basic Purpose 01--Funds for
Operation of Administrative
Agencies

| | | | |
|-----|--------|---|-------------|
| 709 | 01-1-1 | Funds for personal incomes of personnel | 240,698,000 |
| 710 | 01-2 | Funds for material costs | 14,300,000 |
| 711 | 01-3-2 | Rent | 1,340,000 |
| 712 | 01-3-2 | Purchase of stamps and seals and minor items | 5,000,000 |
| 713 | 01-3-2 | Expenditures to upgrade the service | 600,000 |
| 714 | 01-3-2 | Membership dues in international organizations | 5,700,000 |
| 715 | 01-3-2 | Traveling expenses abroad | 840,000 |
| 716 | 01-3-2 | Expenses of international co-operation | 120,000 |
| 717 | 01-3-2 | Traveling expenses in Yugoslavia | 25,000,000 |
| 718 | 01-3-2 | Costs of issuing publications | 1,440,000 |
| 719 | 01-3-2 | Costs of current building maintenance | 15,000,000 |
| 720 | 01-3-2 | Costs of telecommunications | 600,000 |
| 721 | 01-3-2 | Preparation of specialized and technical regulations, sublegal acts and instructions in the field of metrology | 500,000 |
| 722 | 01-3-2 | Operating expenses of the Council and its committees for coordinating efforts and carrying on cooperation in the field of metrology | 420,000 |
| 723 | 01-3-2 | Costs of current maintenance and servicing of laboratory equipment and fixtures | 780,000 |
| 724 | 01-3-2 | Costs of regular examinations and insurance of workers who work under special conditions | 545,000 |
| 725 | 01-3-2 | Costs of maintaining trucks | 4,150,000 |
| 726 | 01-3-2 | Cost of entertainment | 22,000 |
| 727 | 01-3-2 | Purchase of protective clothing and footwear | 720,000 |
| 728 | 01-3-2 | Purchase of specialized publications and literature | 480,000 |

| | | | |
|-----|--------|--|------------|
| 729 | 01-3-2 | Costs of translation into the languages of the nationalities and ethnic minorities of Yugoslavia and from and into foreign languages | 240,000 |
| 730 | 01-3-2 | Nonautomatic data processing | 541,000 |
| 731 | 01-3-2 | Expenses of printing forms related to realizing revenues | 4,550,000 |
| 732 | 01-3-2 | Costs of the information program | 180,000 |
| 733 | 01-3-2 | Purchase of spare parts and technical supplies | 5,000,000 |
| 734 | 01-3-2 | Addition to and replacement of equipment | 15,600,000 |
| 735 | 01-3-2 | Compensation for separation from family | 121,000 |
| 736 | 01-3-2 | Funds for operation of the Yugoslav Center for Technical and Scientific Documentation | 500,000 |
| 737 | 01-3-2 | Costs of drafting specialized reports and studies in the field of metrology | 2,700,000 |
| 738 | 01-3-3 | Defense-related projects | 240,000 |

| | |
|------------------------|-------------|
| Total Basic Purpose 01 | 347,927,000 |
|------------------------|-------------|

| | |
|--|-------------|
| Total Section 32 (Items 709 through 738) | 347,927,000 |
|--|-------------|

Section 33. Federal Geology Bureau

Basic Purpose 01--Funds for Operation of Administrative Agencies

| | | | |
|-----|--------|--|------------|
| 739 | 01-1-1 | Funds for personal incomes of personnel | 11,122,000 |
| 740 | 01-2 | Funds for material costs | 751,000 |
| 741 | 01-3-2 | Expenses of the permanent delegation for cooperation with CEMA in the field of geology | 960,000 |
| 742 | 01-3-2 | Preparing and printing the Comprehensive Geological Map of Yugoslavia | 10,000,000 |
| 743 | 01-3-2 | Expenses of the Commission for the Comprehensive Geological Map of Yugoslavia | 414,000 |
| 744 | 01-3-2 | Purchase of equipment | 150,000 |

| | | | | |
|-----|--------|--|------------|------------|
| 745 | 01-3-2 | Costs of compiling the balance of mineral resources and subsurface water of the SFRY and preparing the analysis of the SFRY's raw materials base | 2,895,000 | |
| 746 | 01-3-2 | Compensation for separation from family | 1,225,000 | |
| 747 | 01-3-2 | Funds for tasks in coordinating our country's bilateral cooperation with member countries related to geological explorations | 500,000 | |
| 748 | 01-3-2 | Updating and maintaining the collection of technical documentation on the results of geological explorations | 200,000 | |
| 749 | 01-3-2 | Funds for carrying on cooperation with non-governmental international | 360,000 | |
| | | Total Basic Purpose 01 | | 28,577,000 |
| | | Total Section 33 (Items 739 through 749) | | 28,577,000 |
| | | Section 34. Yugoslav Archives | | |
| | | Basic Purpose 01--Funds for Operation of Administrative Agencies | | |
| 750 | 01-1-1 | Funds for personal incomes of personnel | 50,416,000 | |
| 751 | 01-2 | Funds for material costs | 8,250,000 | |
| 752 | 01-3-2 | Costs of entertainment | 80,000 | |
| 753 | 01-3-2 | Costs of protecting archive materials in case of war | 400,000 | |
| 754 | 01-3-2 | Membership dues in the international fund for development of archives | 281,000 | |
| 755 | 01-3-2 | Costs of maintaining furnishings and fixtures | 300,000 | |
| 756 | 01-3-2 | Added and replaced equipment | 1,854,000 | |
| 757 | 01-3-2 | Traveling expenses abroad | 856,000 | |
| 758 | 01-3-2 | Costs of project preparation | 2,184,000 | |
| 759 | 01-3-2 | Expenses of publishing activity | 280,000 | |
| | | Total Basic Purpose 01 | | 64,910,000 |
| | | Total Section 34 (Items 750 through 759) | | 64,910,000 |

Section 35. Department for
Rendering Ser-
vices to meet
the Entertain-
ment Needs of
Federal Bodies
and Agencies

Basic Purpose 01--Funds for
Operation of Administrative
Agencies

| | | | |
|--|--------|--|-------------|
| 760 | 01-1-1 | Funds for personal incomes of personnel | 271,829,000 |
| 761 | 01-2 | Funds for material cost and expenses of maintaining structures and equipment | 290,000,000 |
| 762 | 01-3-2 | Costs of operation and maintenance of the special train | 29,640,000 |
| 763 | 01-3-2 | Costs of hunting and maintaining the hunting facilities and by the Federation | 46,000,000 |
| 764 | 01-3-2 | Costs of maintaining and improving the Koprivnica Hunting and Forest Preserve, Bugojno | 5,000,000 |
| 765 | 01-3-2 | Remuneration of nonstaff personnel | 600,000 |
| 766 | 01-3-3 | Defense-related projects | 977,000 |
| Total Basic Purpose 01 | | | 644,046,000 |
| Total Section 35 (Items 760 through 766) | | | 644,046,000 |

Section 36. Department for Financial and
Inventory Recordkeeping of
Federal Administrative Agencies
and Federal Organizations

Basic Purpose 01--Funds for
Operation of Administrative
Agencies

| | | | |
|-----|--------|--|------------|
| 767 | 01-1-1 | Funds for personal incomes of personnel | 89,432,000 |
| 768 | 01-2 | Funds for material costs | 11,500,000 |
| 769 | 01-3-2 | Compensation for overtime and nighttime work | 120,000 |
| 770 | 01-3-2 | Purchase of equipment | 5,600,000 |

Total Basic Purpose 01 106,652,000

Total Section 36 (Items 767 through 770) 106,652,000

Section 37. Technical Support Department of Federal Administrative Agencies and Federal Organizations

Basic Purpose 01--Funds for Operation of Administrative Agencies

| | | | |
|-----|--------|---|-------------|
| 771 | 01-1-1 | Funds for personal incomes of personnel | 142,537,000 |
| 772 | 01-2 | Funds for material costs | 27,377,000 |
| 773 | 01-3-2 | Expenses of franking the mail | 6,000,000 |
| 774 | 01-3-2 | Spare parts for printing presses and supplies | 18,000,000 |
| 775 | 01-3-2 | Purchase of equipment | 28,013,000 |

Total Basic Purpose 01 221,927,000

Total Section 37 (Items 771 through 775) 221,927,000

Section 38. Administration for Management of Office Buildings of Federal Bodies and Agencies

Basic Purpose 01--Funds for Operation of Administrative Agencies

| | | | |
|-----|--------|---|-------------|
| 776 | 01-1-1 | Funds for personal incomes of personnel | 350,484,000 |
| 777 | 01-2 | Funds for material costs | 13,000,000 |
| 778 | 01-3-2 | Overhead expenses related to maintenance of buildings and equipment | 500,000,000 |
| 779 | 01-3-2 | Purchase of equipment and reconstruction projects | 63,000,000 |
| 780 | 01-3-2 | Insurance on buildings and equipment | 13,300,000 |

| | | | |
|-----|--------|--|------------|
| 781 | 01-3-2 | Telephone expenses of joint switchboards | 4,550,000 |
| 782 | 01-3-2 | Compensation for overtime and nighttime work | 67,000,000 |
| 783 | 01-3-2 | Work clothes, footwear and equipment for workplace health and safety | 5,900,000 |
| 784 | 01-3-2 | Contribution for use of municipal land | 25,000,000 |
| 785 | 01-3-2 | Transport services | 12,600,000 |
| 786 | 01-3-2 | Expenses of establishing special telephone communications | 10,000,000 |
| 787 | 01-3-3 | Defense-related projects | 600,000 |

Total Basic Purpose 01 1,055,434,000

Total Section 38 (Items 776 through 787) 1,055,434,000

Section 39. Garage of Federal Bodies and Agencies

Basic Purpose 01--Funds for Operation of Administrative Agencies

| | | | |
|-----|--------|---|-------------|
| 788 | 01-1-1 | Funds for personal incomes of personnel | 136,164,000 |
| 789 | 01-2 | Funds for material costs | 1,951,000 |
| 790 | 01-3-2 | Compensation for work on holidays | 1,500,000 |
| 791 | 01-3-2 | Purchase of spare parts and expenditures for miscellaneous purposes | 75,000,000 |
| 792 | 01-3-2 | Purchase of equipment and automobiles | 15,000,000 |
| 793 | 01-3-2 | Purchase of tools and pieces of equipment | 330,000 |
| 794 | 01-3-3 | Purchase of transportation equipment for national defense purposes | 11,300,000 |

Total Basic Purpose 01 241,245,000

Total Section 39 (Items 788 through 794) 241,245,000

Section 40. Translation Department

Basic Purpose 01--Funds for Operation of Administrative Agencies

| | | | |
|--|--------|--|-------------|
| 795 | 01-1-1 | Funds for personal incomes of personnel | 140,932,000 |
| 796 | 01-2 | Funds for material costs | 10,400,000 |
| 797 | 01-3-2 | Remuneration of nonstaff personnel | 3,384,000 |
| 798 | 01-3-2 | Compensation for separation from family | 900,000 |
| 799 | 01-3-2 | Traveling expenses abroad | 602,000 |
| 800 | 01-3-2 | Advanced professional training, specialization of translators in foreign languages | 72,000 |
| 801 | 01-3-2 | Purchase of and addition to equipment | 3,036,000 |
| 802 | 01-3-2 | Funds to establish the terminology bank | 858,000 |
| 803 | 01-3-3 | Defense-related projects | 50,000 |
| Total Basic Purpose 01 | | | 160,234,000 |
| Total Section 40 (Items 795 through 803) | | | 160,234,000 |

Section 41. Supplemental Funds to Socio-political and Public Organizations

Basic Purpose 06--Other General Public Purposes

Sociopolitical Organizations

Subsidies to the Central Committee of the League of Communists of Yugoslavia

| | | | |
|-----|------|--|-----------|
| 804 | 06-2 | International activity | 9,912,000 |
| 805 | 06-2 | Financing the program for scientific documentation of the international working class movement | 5,946,000 |

| | | | |
|-----|------|--|-------------|
| 806 | 06-2 | Program for financing publishing activities abroad | 13,942,000 |
| 807 | 06-2 | Financing the operation of the Josip Broz Tito Political School in Kumrovec | 23,162,000 |
| 808 | 06-2 | Publication of the collected works of Josip Broz Tito | 3,500,000 |
| | | Subsidy to the Federal Conference of the Socialist Alliance of Working People of Yugoslavia | |
| 809 | 06-2 | Financing the work program of the Federal Conference | 235,577,000 |
| 810 | 06-2 | Subsidy to the newspaper BORBA | 280,000,000 |
| 811 | 06-2 | For the journal JUGOSLAVENSKI PREGLED [YUGOSLAV SURVEY]--Serbo-Croatian edition | 7,925,000 |
| 812 | 06-2 | For the journal MEDJUNARODNA POLITIKA [INTERNATIONAL POLITICS]--Serbo-Croatian edition | 6,338,000 |
| 813 | 06-2 | For the journal ZENA DANAS [WOMAN TODAY] | 2,027,000 |
| 814 | 06-2 | Financing the work program of the Yugoslav Federation for Environmental Protection | 6,353,000 |
| 815 | 06-2 | Conference for Local Community Development of Yugoslavia | 4,000,000 |
| | | Subsidy to the Presidium of the Conference of the Socialist Youth League of Yugoslavia | |
| 816 | 06-2 | Financing the work program of the Conference | 120,600,000 |
| 817 | 06-2 | Celebration of Youth Day | 45,403,000 |
| 818 | 06-2 | Financing the international activities of collective members of the Socialist Youth Alliance of Yugoslavia | 3,120,000 |
| 819 | 06-2 | For the newspaper MLADOST [YOUTH] | 29,900,000 |
| 820 | 06-2 | For the journal IDEJE [IDEAS] | 5,400,000 |
| 821 | 06-2 | For the Youth Labor Festival | 2,880,000 |
| 822 | 06-2 | Other activities | 28,000,000 |

Subsidy to the Federation of
Associations of Veterans of
the National Liberation War
of Yugoslavia

| | | | |
|-----|------|---|------------|
| 823 | 06-2 | Financing the work program of the Federation | 55,400,000 |
| 824 | 06-2 | For the newspaper 4 JUL [4TH of JULY] | 26,000,000 |

Subsidy to the Yugoslav Red
Cross

| | | | |
|-----|------|---|------------|
| 825 | 06-2 | Financing the work program of the Presidium | 33,071,000 |
| 826 | 06-2 | Missing persons service | 2,412,000 |
| 827 | 06-2 | Membership dues in the Lea- gue and the Mediterranean Conference of National Red Cross and Red Crescent Soc- ieties | 10,056,000 |
| 828 | 06-2 | Defense -related projects | 1,920,000 |
| 829 | 06-2 | Center for training Red Cross and Red Crescent per- sonnel from the developing countries and nonaligned countries, as well as in those countries | 4,500,000 |
| 830 | 06-2 | International humanitarian aid in case of natural and other large-scale disasters | 1,216,000 |

Subsidy to the Yugoslav
League for Peace, Indepen-
dence and Equality of Na-
tions

| | | | |
|-----|------|---|-----------|
| 831 | 06-2 | Financing the work program of the League | 6,518,000 |
|-----|------|---|-----------|

Subsidy to the Federation
of United Nations Associa-
tions of Yugoslavia

| | | | |
|-----|------|---|-----------|
| 832 | 06-2 | Financing the work program of the Federation | 1,300,000 |
|-----|------|---|-----------|

Subsidy to the Federation of
Reserve Military Officers of
Yugoslavia

| | | | |
|-----|------|--|---------------|
| 833 | 06-2 | Financing the work program of the Federation | 20,900,000 |
| | | Federation for Physical Edu- cation of Yugoslavia | |
| 834 | 06-2 | Expenses of Yugoslavia's international activities in the field of physical educa- tion | 212,336,000 |
| 835 | 06-2 | Extraordinary programs of sporting exents being held only in 1985 | 68,009,000 |
| 836 | 06-2 | Funds for SPENS | 15,000,000 |
| | | Popular Technology--Federa- tion of Organizations for Popular Technical Education of Yugoslavia | |
| 837 | 06-2 | For international activities of Yugoslavia in the field of popular technical educa- tion | 16,750,000 |
| | | Yugoslav Firefighters Federa- tion | |
| 838 | 06-2 | For fire protection | 2,427,000 |
| | | Total Basic Purpose 06-2 | 1,311,800,000 |
| | | Total Section 41 (Items 804 through 838) | 1,311,800,000 |

III. Final Provision

Article 5

This budget shall take effect on 1 January 1985.

7045

CSO: 2800/169

YUGOSLAVIA

BRIEFS

CROATIAN BUSINESS LOSSES--It is estimated that in 1984 the Croatian economy lost about 50 billion dinars, mostly in the electric power economy, fertilizer, food, metal processing, wood, construction and construction materials industries, as well as agriculture. Losses were caused by the disparity in prices and the heavy pressure of interest charges on income, as well as inadequate supplies of reproduction materials and insufficient use of capacities. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 16-18 Feb 85 p 4]

PRIVATE BUSINESS IN BELGRADE--In 1984, 1,015 new private businesses opened in Belgrade in which 3,000 persons found employment. These good results were possible because of the stimulating effect of the tax policy which provided a 50 percent tax reduction to [socialized] work organizations and to private artisans. The provision that the tax base be reduced 10 percent for private artisans for every newly employed worker especially contributed to faster employment. [Excerpt] [Belgrade BORBA in Serbo-Croatian 5 Feb 85 p 10]

BOSNIAN MARITIME FLEET--The green light has been given to form a maritime fleet for Bosnia-Herzegovina, the first in the history of this republic. A special work organization for "Maritime Shipping" has been formed in the Sarajevo Railroad Transportation Organization and a self-management agreement has been signed on starting one's own fleet, i.e., an OUR (organization of associated labor for this purpose, with the "Dalmaplov" work organization in Vela Luka [Croatia] to provide maritime personnel, finance the purchase of ships, etc. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 21 Feb 85 p 12]

MARITIME PORT TURNOVER--In 1984 all maritime ports had a total goods turnover of 19,023,000 tons, or about 5 percent more than in 1983; transit cargo increased about 19 percent. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 21 Feb 85 p 12]

FOREIGN EXCHANGE FOR AGRICULTURE--According to the Social Agreement, the National Bank will provide \$110 million for artificial fertilizer, \$50 million for pesticides and insecticides, \$25 million for protein feed, \$12 million for spare parts, tires, conveyor belts, etc, totaling \$197 million for agricultural use. In addition, \$60 million will be provided to import

ELECTRIC POWER FROM ALBANIA--The Yugoslav Electric Power Economy and a representative of the electric power economy of Albania, "Mineraleksport," have concluded a contract according to which Albania will deliver 650 million kwh of electric power to Yugoslavia this year; this amount is in accord with the commodity lists concluded between our two countries. At the time the contract was signed, there was also discussion of the status of work on the 220-kilovolt power line linking the newly built hydroelectric power station on the Drim River in Albania and our electric power system at the border crossing at Djakovica. It was estimated that work on the power line will be completed this year which will enable a larger exchange of power than heretofore. [Text] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 15 Feb 85 p 12]

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END